

Carrington Gives NATO New Verve And Emphasizes Its Political Role

By William Drozdiak

Washington Post Service
BRUSSELS — The usual summer doldrums that descend on the sprawling headquarters of the North Atlantic Treaty Organization here vanished when Lord Carrington took over the alliance's senior post in late June.

As NATO's new secretary-general, Lord Carrington jolted the more ossified reaches of the bureaucracy and, by most accounts, infused the place with a new work ethic.

He also has made it clear that he intends to use the stature and experience he acquired during his years as Britain's foreign and defense secretary to change the common perception of his job, which assumed largely figurehead status during the 13-year tenure of Joseph Luns of the Netherlands.

Lord Carrington wants to put a greater accent on the political dimension of NATO. "There has been a concentration in the public minds about NATO in its purely military form," he said in an interview. "But we should concern ourselves just as much with trying to find solutions to political problems that can allow us all to live under less tension."

In a speech last year in London, Lord Carrington warned about the limits of what he described as "megaphone diplomacy" in finding political solutions to allied misunderstandings and East-West conflicts. The phrase reflected European concerns that confrontational rhetoric in the early days of the Reagan administration contributed to worsening relations with the Soviet Union.

Today, Lord Carrington feels Washington has enhanced its image in Europe by adopting a more moderate tone and by permitting the Soviet Union to bear the responsibility for the hiatus in negotiations about arms control after Moscow walked out of the Geneva talks on strategic and intermediate nuclear missiles last year.

"I really think that over the last few months the [Reagan] administration has played it absolutely right," he said. "The U.S. has made it perfectly plain it is willing to



Lord Carrington

begin talks on space weapons and to start off again on the Geneva negotiations.

"I doubt that there is more for us to do at this time. What we've got to do is to be persistent, and go on and on and on telling them that we are prepared to talk. The Soviets have locked themselves into a difficult position by walking out of Geneva; but they will return, and the sooner they do it, the better."

Lord Carrington met with President Ronald Reagan at the White House Tuesday and expressed approval of Mr. Reagan's announcement that he plans to meet with the Soviet foreign minister, Andrei A. Gromyko, on Sept. 28.

In the interview here, Lord Carrington also said that in some ways the alliance had become too self-denigrating and underestimated its strengths, especially its ideological and economic influence in the world.

"The Russians must feel extremely alarmed in recent years about the events in Poland and the lack of glamour that Marxism holds for the world," he said. "Equally, they have an economic system that does not work. So I would meet his previously stated intention to meet with the Soviet Union, because we don't talk from a position of inferiority."

In terms of the military balance, Lord Carrington said that while it would be a mistake to become complacent, NATO countries should

realize that they have "quite enough military and conventional power to defend themselves."

"It would be suicidal for the Soviet Union to invade Western Europe," he said. "If I were a Russian and I looked at what NATO has, I would think several times before starting an adventure that would be likely to lead to a third world war."

A primary factor behind the poor state of East-West relations, he feels, may simply be that each side lacks a sound understanding of the other's motives and background. "I think to sit around a table and talk to them is good," he said. "It would be useful for us to get to know them better, and them us."

"Maybe they will begin to feel, though perhaps they don't at the moment, that we genuinely do want some kind of relaxation of tension, arms control and less weapons in the world. They will hear from us that we are not prepared to put up with certain things like Soviet expansion into the rest of the world, and that if they want to get on with us they have got to understand that."

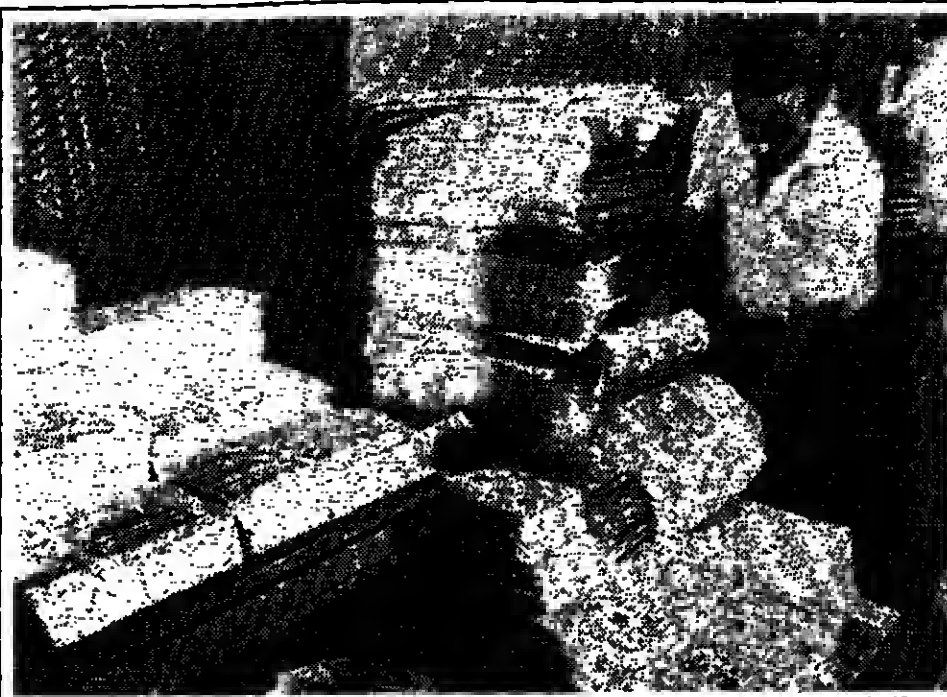
Helping to mediate sporadic quarrels between the United States and the European allies is another area that Lord Carrington expects will consume much of his time.

After more than three decades of involvement in alliance diplomacy, he says he has learned to brush aside talk about NATO's demise.

The controversy over the deployment of Pershing-2 and cruise missiles in Europe was a difficult test of alliance unity, he said, but the deployment was "an enormous success" because NATO emerged stronger by showing that it can fulfill its commitment.

Lord Carrington stressed that one issue he planned to emphasize in his job was the need for improved resource allocation — "or how we can all get better value for our money."

He said he was disturbed that a lack of coordination among NATO countries in arms production and research and development programs had led "to an awful lot of duplication," especially since the alliance's research spending far exceeds that of the Warsaw Pact, the Soviet-bloc military alliance.



FAKE BILLS — Israeli police said they seized \$13 million of counterfeit U.S. bills at a printing press in Jaffa and arrested seven persons. At the same time, three Israelis who were allegedly about to open a printing plant in New Jersey were arrested in Brooklyn, U.S. officials said. All those arrested emigrated to Israel from the Soviet Republic of Georgia, and several are related to each other, a U.S. Secret Service spokesman said.

Owen Asks Thatcher to 'Tell Truth' About Sinking of Argentine Cruiser

By Michael Getler

Washington Post Service
LONDON — Warning that "we are in the early stages of a Watergate," the leader of Britain's opposition Social Democratic Party, David Owen, called on Prime Minister Margaret Thatcher to "tell the truth" about the torpedoing of the Argentine cruiser Belgrano that took the lives of 368 sailors during the 1982 war over the Falkland Islands.

In an attack on the Conservative government's handling of lingering questions about the sinking, Mr. Owen claimed the government had "looked itself into a depressing cycle of error, half-truths and deliberate falsehoods."

Mr. Owen, a Labor foreign minister in the late 1970s, left the party to help found the more moderate-of-the-road Social Democrats in 1981.

With his speech Tuesday at the party's annual conference, he became the first leader of any major party publicly to support demands for full disclosure about the Belgrano episode.

The circumstances surrounding the sinking on May 2, 1982, by the British nuclear-powered submarine Conqueror have become the subject of renewed controversy in recent weeks after documents, allegedly from the Ministry of Defense, were leaked to a Labor member of Parliament, Tam Dalyell, and published in a magazine, the New Statesman.

Mr. Dalyell has maintained that the cruiser was sunk to sabotage peace efforts by the government of Peru rather than because it was a threat to the British task force that was heading for the islands, as the government maintains.

Mr. Dalyell and the magazine claim that the documents, the authenticity of which has not yet been challenged, show that the cruiser was heading away from the British task force 11 hours before it was torpedoed, and that the rules of engagement had been changed without notifying Argentina.

Last week, The Observer newspaper also claimed that evidence it had obtained showed why the then defense secretary, John Nott, gave false statements to the House of Commons two days after the sinking and why ministers have "since tried to conceal the truth from Parliament and the public for more than two years."

The newspaper noted that both Mr. Nott and Mrs. Thatcher had told an alarmed Parliament on May 4 that the cruiser had been spotted at 8 P.M. on May 2 "closing on the task force" and that the sinking was "entirely consistent with our inherent right of self-defense under the UN charter."

The newspaper reported that on the morning of May 2, intelligence had been received that the cruiser was closing on the task force and that a Downing Street decision to attack it was made around 1 P.M., with the order transmitted an hour later. But at about the same time, the paper claimed, the submarine reported that the cruiser had reversed course.

The question, the paper said, was whether the war cabinet was aware of this new intelligence at the time. The actual attack was said to have been carried out several hours later, around 8 P.M.

Thus far, the government has said nothing about the new allegations.

Mr. Owen said Tuesday that information had now emerged that the government had not told the full truth.

"The truth is not credible," he continued. "It simply needs to be told. But instead, we have a campaign of misinformation, beginning to reach into the heart of democratic government."

After Months of Arduous Travel, Chinese Pilgrims Miss Mecca Plane

Reuters

RAWALPINDI, Pakistan — For 436 Chinese Muslims who missed their plane to Mecca, the lifelong dream of making the Hajj pilgrimage to Islam's holiest place has been put back at least another year.

The pilgrims, all Turkish-speaking Uighurs from China's western province of Xinjiang, reached Rawalpindi after months of traveling, including passage along the ancient Silk Route and over the Himalayas.

Their journey began in May when they left for the provincial capital of Urumqi for permission to leave, then to Beijing for Pakistani visas and back to Urumqi to pick up their passports. This trip alone took three months and covered over 4,500 miles (7,200 kilometers). They arrived in Rawalpindi Aug. 30 only to hear from the Saudi Embassy that they could no longer make it to Mecca in time for the Sept. 4 march to Mount Arafat. That is the traditional height of the hajj, the pilgrimage to Mecca every able-bodied Muslim is expected to make at least once in a lifetime.

Disappointed but determined, most of the pilgrims now plan to stay in two government-owned hotels in central Rawalpindi until next year when they can resume their journey to Saudi Arabia. None of the men accused Chinese, Pakistani or Saudi officials of delays that caused them to miss the plane.

A man who identified himself as Gruzun, a shopkeeper in his 40s, said anyone in the group who went back to China now might never get permission to leave for Mecca again. "We sold everything to make this trip — our land, our property," he said, shaking his head, already shaved according to hajj ritual. "We must go for hajj now."

EC Special Session Held On Madrid-Lisbon Entry

Reuters

DUBLIN — Foreign ministers of the 10 European Community countries held an emergency meeting in the Irish capital Tuesday that diplomats said appeared to have eased the way for Spanish and Portuguese membership by the target date of Jan. 1, 1986.

A West German spokesman said that, although it was no longer possible to meet the Sept. 30 deadline for completing negotiations, it was politically important that the community should be seen as making progress by then.

Nothing of significance was decided, diplomats said. But they added that the meeting indicated the EC's good intentions and willingness to compromise. They said detailed proposals should be tackled at separate meetings of foreign and agriculture ministers in Brussels next Monday and Tuesday.

The ministers met in Dublin, since Ireland is the current holder of the EC chairmanship, after a deadlock on key conditions developed at their last meeting eight days ago at the community's headquarters in Brussels.

Diplomats said that ministers had feared that lack of progress in negotiations between the EC and Madrid might push Spain's governing Socialist Party into anti-community and anti-North Atlantic Treaty Organization stands at its congress in December.

They said the ministers thought Tuesday's session would give new impetus to the talks and allow resumption of substantive negotiations with Spain and Portugal.

A West German spokesman said Bonn's foreign minister, Hans-Dietrich Genscher, thought a spirit of compromise would produce agreement among the 10 member states by the end of the month. This would allow the membership negotiations to proceed at a session scheduled Oct. 1 and 2 in Luxembourg.

Substantive issues still to be resolved include tariffs for industrial products, the question of whether Spanish fishermen should be allowed into EC waters and what subsidies should be paid for Spanish farm products. Negotiations are also stalled on olive oil, wine and the rights of Spanish workers in the community, diplomats said.

Italy and Greece are still opposed to the introduction of production limits on olive oil and wine because the community has been denied the two products could add \$2 billion a year to the cost of the bloc's nearly bankrupt farm subsidies system if they are left uncontrolled after Spanish entry.

Diplomats said the European Commission was asked to produce proposals on an olive oil surplus and France promised to submit new ideas on how to deal with the expanding wine lake.

West Germany, which is anxious to reduce the cost of subsidizing the families of immigrant workers, indicated that it would be ready to compromise also, the Bonn spokesman said.

The ministers later opened separate discussions on major international diplomatic issues. Mr. Genscher was expected to report on possible repercussions of the cancellation of visits to Bonn by the East German and Bulgarian leaders.

WORLD BRIEFS

Skepticism Greeted New Ulster Minister

LONDON (Reuters) — Britain's new troubleshooter for Northern Ireland, Douglas Hurd, went to the province Tuesday to take charge in the face of hostility, suspicion and skepticism from local politicians who voiced reservations that he would be able to heal sectarian divisions in the province.

The Reverend Ian Paisley, an influential Protestant leader, said he doubted that Mr. Hurd was tough enough for the job. Gerry Adams, a member of Parliament and head of Sinn Fein, considered the political arm of the outlawed Irish Republican Army, described Mr. Hurd as a political lightweight.

James Moloney, leader of the official Unionist Party, said politicians should be on guard to ensure that Mr. Hurd did not attempt to dilute the will of Prime Minister Margaret Thatcher to keep the province within Britain. Mrs. Thatcher chose him Monday to replace James Prior as the cabinet secretary for Northern Ireland.

Soviet Defector Missing in Britain

LONDON (UPI) — Oleg Bitov, a prominent Soviet defector to the West, has been missing for nearly a month and may have returned to the Soviet Union, the Home Office said Tuesday.

Mr. Bitov, 51, former foreign cultural editor of the Soviet magazine Literaturnyaya Gazeta, defected to Britain a year ago, protesting what he said was Soviet suppression of intellectuals and the shooting down of a South Korean airliner in September 1983. He was given political asylum. "His friends say he has not been seen since mid-August," a Home Office spokesman said, adding that "the possibility that he returned to the Soviet Union cannot be discounted, because of his well-known concern" for his wife and daughter, whom he left in the Soviet Union.

15 Killed in Sri Lanka Bus Attack

COLOMBO, Sri Lanka (Reuters) — Five gunmen killed 15 persons and wounded five Tuesday in a bus ambush in Sri Lanka's Northern province, where separatist guerrillas are active, police said.

They said the bus had 44 passengers, all members of the Tamil minority. Police said that they believed the gunmen were guerrillas fighting for a separate Tamil state and that they had killed the passengers to put the blame on the army.

Nine soldiers were killed Monday by a land mine and six guerrillas died in the ensuing gunfight. A police source said troops in the area were warned Monday not to make reprisals against civilians.

U.S. to Resettle 10,000 Vietnamese

WASHINGTON (AP) — The Reagan administration will seek the release of an estimated 10,000 Vietnamese political prisoners for resettlement in the United States in the next two years, the secretary of state, George P. Shultz, told Congress on Tuesday.

Mr. Shultz also said the United States would admit all Asian-American children and their family members who qualify for admission, with the aim of doing so in the next three years.

"Various spokesmen for the Communist regime in Vietnam have claimed they would be willing to release all of these political prisoners for resettlement," Mr. Shultz said. "But, despite two years of effort, the Vietnamese have released only a handful of these persecuted people. We hope the Vietnamese will now respond to these appeals."

Ceausescu Seen Sticking to Bonn Visit

BUCHAREST (AP) — A Romanian Communist Party newspaper published an interview with a leading West German politician on Monday in an apparent signal that President Nicolae Ceausescu is likely to go ahead with a planned visit to Bonn even though his East German and Bulgarian colleagues have postponed their trips there indefinitely.

Mr. Ceausescu's state visit, scheduled Oct. 15-19, was originally announced in the official media Aug. 28, but there has been little of no official comment on it.

Wolfgang Mischnick, vice president of the Free Democratic Party in West Germany, said in the interview with Romania's Liberta that Ceausescu's visit was viewed as "necessary and important."

U.S. to 'Improve' Salvadoran C-47s

WASHINGTON (AP) — The State Department said Tuesday that the Reagan administration was considering increasing the firepower of two C-47 cargo planes belonging to the Salvadoran armed forces to enable them to respond more quickly and effectively to large-scale guerrilla attacks.

Alan D. Romberg, a State Department spokesman, indicated that the plans for improving the two Salvadoran planes meant that the administration had decided not to provide the country with Vietnam-style, high-firepower AC-47 gunships.

Reports that there were plans to sell El Salvador gunships had aroused congressional opposition. The AC-47 is a heavily armed version of the C-47.

Iraqi Rockets Strike Loaded Tanker

ABU DHABI, United Arab Emirates (UPI) — Iraqi planes attacked a Liberian-registered supertanker loaded with oil on Tuesday and Baghdad asserted that the planes also hit a smaller target in the second straight day of attacks on ships near Iran's main oil terminal.

Lloyd's Intelligence of London said the tanker St. Tobias was hit by a missile about 50 miles (80 kilometers) south of Kharg Island, the principal oil terminal in the Gulf. Shippers said there were no casualties or fire aboard the supertanker, which was apparently struck by a French Exocet sea-skimming missile.

The shippers also said the Liberian-registered vessel, managed by Fearnley and Eger of Oslo, continued at full speed for Dubai, United Arab Emirates, for minor repairs. A dispatch carried by the official Iraqi news agency and monitored in Abu Dhabi quoted an Iraqi military spokesman as saying that Iraqi planes struck a "very large naval target" and another of medium size two minutes later. Iraq said all its planes returned safely to base.

South Africa Bans Protest Meetings

JOHANNESBURG (Reuters) — The South African government banned protest meetings on Tuesday following two weeks of riots in black townships in which about 40 people were killed.

Police headquarters in Pretoria said Louis Le Grange, the minister for law and order, had banned all indoor gatherings critical of the government in and around Johannesburg, Pretoria and other areas affected by riots until the end of this month.

The ban will cover meetings planned by black groups to mark the seventh anniversary Wednesday of the death in police custody of Steve Biko, a black activist.

Salvador Police to Be Reorganized

EL PARASO, El Salvador (AP) — President Jose Napoleon Duarte has ordered the reorganization of El Salvador's three principal police forces, which human rights activists say are linked to rightist death squads.

Mr. Duarte told a group of army officers during a visit Monday to a military base in El Paraiso that the reorganization of the National Police, the National Guard and the Treasury Police would help reduce rights abuses in the war against leftist rebels.

The three forces, numbering 12,000 men, currently have overlapping responsibilities. Mr. Duarte said the National Police would be turned into an urban force, the National Guard into a rural force and the Treasury Police would be combined with the day Customs Guard and renamed the National Patrimonial Police.

For the Record

Philippine authorities ordered 15,000 villagers Tuesday to leave the slopes of the lava-spewing Mayon volcano at the southern edge of the main island of Luzon after it began erupting Monday.

Eleven persons, including five policemen and three militiamen, were killed Monday in an ambush by suspected Communist rebels on Mindanao Island in the southern Philippines, a military spokesman said Tuesday.

Warsaw Pact troops began "Shield 84" exercises Tuesday in Czechoslovakia, Tass reported from Prague. The Czechoslovak press said 60,000 soldiers were taking part.

Salvador Dali, 80, the surrealist painter, has left the intensive care unit in a Barcelona clinic and is being eased off intravenous feeding four days after he underwent surgery for burns suffered in a fire Aug. 30. His condition remains serious, physicians said Tuesday.

Otto Lamberhoff and Hans Friderichs, both former economics ministers, will go on trial for bribery Jan. 10, the Bonn district court announced Tuesday.

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U.S. to Resume B-1 Testing

WASHINGTON — The air force will resume testing the B-1 bomber this week, the Pentagon said Tuesday, an indication of the long-range bomber was apparently not caused by a design flaw.

Reagan to See Gromyko on Sept. 28

(Continued from Page 1)

Russians also have walked out of negotiations in Geneva on reducing intermediate-range nuclear missiles in Europe and strategic-range intercontinental ballistic missiles.

Asked whether the meeting with

Mr. Gromyko will ease the perception that he is "trigger-happy," Mr. Reagan said, "The most important thing is what understanding I can reach with Foreign Minister Gromyko to maybe convince him that the United States means no harm."

Questioned whether the meeting would meet his previously stated requirement for a summit talk — that it be well-prepared and have a reasonable chance of success — Mr. Reagan said, "I don't know."

"I think," he added, "that maybe with all the specifics that are before us in the various treaty negotiations, some of which are continuing but some of which they have walked away from, I think maybe the time has come that anything that can perhaps get a better understanding between our two governments maybe should precede any resumption of dealings on specifics, if there can be an easing of any suspicion or hostility."

He also refused to say whether space weapons talks or nuclear missile negotiations would take priority in his discussions, saying, "All of these tied together."

Later in the day, Mr. Reagan announced to a group of Republican farm state congressmen that the administration would allow the Russians to purchase an additional 10 million metric tons of wheat and

corn for shipment in the second year of a two-year grain agreement. Sales have ranged as high as 23 million metric tons in recent years.

So far, officials said, the Russians have not indicated if they want to buy the extra grain.

Critical Report Due

The Reagan administration plans to issue a report within a week accusing the Soviet Union of flouting nearly a quarter-century of arms control agreements, The Associated Press reported from Washington.

The report is to be sent to Congress and its principal findings made public over the objections of the State Department, which was concerned about the potential impact on U.S.-Soviet relations, sources said Monday.

Asked Tuesday whether publication of the report might "sour the atmosphere" for the Gromyko meeting, Mr. Reagan said the report was required by Congress and "is not some action by us or aimed at the Soviet Union. It's supposed to be a factual report that the Congress requires."

He added that "I have no way of knowing" if the publication of the report would cloud the prospects for the meeting.

Envoys in Moscow See Possible Kremlin Thaw

(Continued from Page 1)

close links with President Konstantin U. Chernenko.

Kremlin foreign policy appears to have been in deadlock for some time and Western leaders have complained that Moscow was sending conflicting signals on its wishes and intentions.

Diplomats said Tuesday that if Marshal Ogarkov's removal did signify a victory for supporters of détente, they believed Mr. Chernenko himself was the chief architect and that his earlier foreign policy comments would now gain greater significance.

In an interview earlier this month, the Soviet leader indicated that Moscow might be willing to return to strategic arms limitation talks. He also did not repeat standard Soviet demands for the withdrawal of U.S. missiles from Europe.

Initial speculation that he might have been signaling a softer Soviet line was abruptly ended by a Foreign Ministry spokesman who reiterated Moscow's hard-line demands.

The agreement to a Reagan-Gromyko meeting in effect runs counter to the entire drift of Soviet policy in recent months.

Not all Western embassy specialists took the view that major changes could be on the way.

One diplomat said: "We will have to see how the meeting goes" between Mr. Reagan and Mr. Gromyko.

"It could turn out to be a Soviet attempt to embarrass Reagan by, say, having Gromyko storm out of the talks at the last minute, saying it is impossible to talk to him," he said.

They said the ministers thought Tuesday's session would give new impetus to the talks and allow resumption of substantive negotiations with Spain and Portugal.

A West German spokesman said Bonn's foreign minister, Hans-Dietrich Genscher, thought a spirit of compromise would produce agreement among the 10 member states by the end of the month. This would allow the membership negotiations to proceed at a session scheduled Oct. 1 and 2 in Luxembourg.

Substantive issues still to be resolved include tariffs for industrial products, the question of whether Spanish fishermen should be allowed into EC waters and what subsidies should be paid for Spanish farm products. Negotiations are also stalled on olive oil, wine and the rights of Spanish workers in the community, diplomats said.

Italy and Greece are still opposed to the introduction of production limits on olive oil and wine because the community has been denied the two products could add \$2 billion a year to the cost of the bloc's nearly bankrupt farm subsidies system if they are left uncontrolled after Spanish entry.

Diplomats said the European Commission was asked to produce proposals on an olive oil surplus and France promised to submit new ideas on how to deal with the expanding wine lake.

West Germany, which is anxious to reduce the cost of subsidizing the families of immigrant workers, indicated that it would be ready to compromise also, the Bonn spokesman said.

The ministers later opened separate discussions on major international diplomatic issues. Mr. Genscher was expected to report on possible repercussions of the cancellation of visits to Bonn by the East German and Bulgarian leaders.

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Gandhi's Political Stock Plummets In Furor Over Ouster of Rama Rao

By William K. Stevens
New York Times Service

HYDERABAD, India — Just when Prime Minister Indira Gandhi's political stock seemed to be rising as a result of her bold action in June against Sikh extremists in Punjab, the furor over the dismissal last month of N. T. Rama Rao as the elected leader of the southern state of Andhra Pradesh appears to have sent it plummeting again.

"She has lost the advantage she gained after Punjab," said Bashir-uddin Ahmed, a political scientist. The situation, he said, has "turned 180 degrees."

A number of other political observers as well as politicians and journalists say they believe that Mrs. Gandhi's parliamentary majority could be threatened in the coming general election.

"This one incident is going to

cost a lot of votes," Professor Ahmed said of the Andhra Pradesh affair. "She could partly retrieve the situation if Rama Rao were reinstated. But nothing short of that will work."

Before Mr. Rama Rao's dismissal, events seemed to be moving toward a relatively early general election, perhaps in November. Now, say some high-level politicians in Mrs. Gandhi's Congress-I Party, the election is likely to be held in January.

The dismissal of Mr. Rama Rao has evidently unified the opposition as never before. He is a former film star who won an overwhelming personal and party victory against the Gandhi forces in a state election in January 1983.

"All the opposition parties are rallying around him," said an official in Mrs. Gandhi's cabinet. "So far there has been no one to unite them, but this man will help in the process of opposition unity."

The Congress-I Party holds 39 of Andhra Pradesh's 42 seats in the lower house of Parliament, but most of those seats are now expected to go over to the opposition in the general election, no matter how good a recovery Mrs. Gandhi makes.

That, coupled with normal, anticipated slippage from Mrs. Gandhi's overwhelming victory in the 1980 elections, will, "in the most charitable view," reduce her parliamentary majority to a thin margin, said G. K. Reddy, a journalist with close contacts in the Gandhi camp.

The overall Congress-I majority in the lower house of Parliament stands at two-thirds. Mrs. Gandhi would not necessarily lose control of the government if her party lost that clear edge. The Congress-I is commonly regarded as likely to emerge in any case with a plurality, thereby enabling Mrs. Gandhi to remain as prime minister at the head of a coalition government.

She governed that way once before, from 1969 to 1971. Nevertheless, Mrs. Gandhi's fortunes are seen as having deteriorated quickly and badly after the lift they seemed to get in June, when the prime minister sent the army into Amritsar's Golden Temple in an attempt to crush a militant Sikh movement that had brought Punjab state virtually to its knees.

Although as many as 1,000 people died in the battle at the Sikh holy temple, the boldness of the act seemed to restore Mrs. Gandhi's image as a strong, decisive leader. It also seemed to win her much favor among all but the Sikhs, many of whom were gravely offended by the temple raid.

But on Aug. 16, Ram Lal, a Gandhi appointee as governor of An-



Indira Gandhi

dhra Pradesh, dismissed Mr. Rama Rao as chief minister, asserting that he had lost his majority in the state assembly. The dismissal touched off nationwide protests, and at least 27 people died in ensuing riots in Andhra Pradesh.

Before the Rama Rao dismissal, the Gandhi forces had engineered the downfall of elected state governments in Sikkim and in Jammu and Kashmir. They tried to do the same thing late last year in the southern state of Karnataka, adjacent to Andhra Pradesh. But that attempt failed after it was disclosed that legislators had been bribed to switch allegiance.

The "toppling" maneuvers, as they are called here, were apparently designed to assert the Gandhi party's hold on state political machinery and state patronage in the general election campaign. Whoever holds governmental power in rural areas, where most of the votes are, has usually wielded great influence over voters in the villages.

7 Killed in Hyderabad
Seven persons were reported killed and at least 30 wounded in Hindu-Muslim clashes in Hyderabad Tuesday in renewed communal violence, Reuters reported.

A Home Ministry spokesman said that paramilitary reinforcements had been sent to Hyderabad Tuesday night from neighboring states to reinforce several thousand soldiers and paramilitary troops already in the city.

Police said the violence began when a 48-hour curfew on the city of three million people was briefly lifted to allow residents to buy food.

They said the death toll since the communal clashes began Sunday during a Hindu religious festival had risen to at least 18 dead and nearly 150 injured.

The clashes erupted several hours after the state assembly adjourned without a vote on the political future of Mr. Rama Rao, delaying his plans to show he had majority support.

Union, U.K. Negotiators Avert Mine Talk Failure

EDINBURGH — Peace talks aimed at settling Britain's six-month-old coal strike nearly collapsed Tuesday and both sides agreed to meet again Wednesday for a fourth consecutive day.

Miners' leaders and the state-run National Coal Board now have held 15 hours of talks since Sunday, their longest round of negotiations since the strike began in mid-March.

Sources close to the talks said the negotiations almost broke down at one point and the National Union of Mineworkers issued a statement accusing the coal board of intransigence.

The statement from the National Union of Mineworkers followed a suggestion by the coal board that it was the union side that was holding up progress.

During a break in the three-day-old peace talks, the union said, the NUM has put forward certain proposals but so far, due to the board's intransigence, serious difficulties remain.

Earlier Tuesday, the chairman of the coal board, Ian MacGregor, said his team had put forward proposals and the union had responded with what he called impractical suggestions.

Industry sources said the talks centered on the search for agreement on when a pit could be declared exhausted and closed.

The strike began when the mineworkers rejected coal board proposals to close 20 pits it regarded as uneconomic.

Three-quarters of the 180,000 miners are refusing to work and their action has slashed coal output by two-thirds, set off two dock strikes and helped push the British pound to new lows.

The Edinburgh talks began Sunday after two months of increasingly bitter exchanges in the media between Mr. MacGregor and the president of the miners' union, Arthur Scargill. The Conservative government has refused to intervene.

Violence at the colliery gates continued Tuesday. At one mine in

Yorkshire, in northern England, stoores and firecrackers were thrown from a crowd of pickets at police protecting six miners on their way to work.

In the southeastern county of Kent, about 20 miners were arrested after scuffles with police.

Egypt Cool To Criticism At Area Talks

VALLETTA, Malta — Egypt was critical of a final communiqué issued Tuesday by nonaligned Mediterranean countries that assailed both the 1978 Camp David peace accords between Egypt and Israel and alleged U.S. "provocations" off Libya.

A senior Egyptian delegate said his country did not accept the criticism, sponsored by Syria and approved after long debate. Nine Mediterranean countries — Malta, Cyprus, Yugoslavia, Algeria, Tunisia, Morocco and Libya, in addition to Syria and Egypt — and the Palestine Liberation Organization attended the two-day meeting.

[Egypt] signed the document when the session referring to the Camp David accords was relegated to footnote status, United Press International reported.

Syria's motion said the ministers "highly appreciated" Lebanon's cancellation of its 1983 peace treaty with Israel and "condemned" all similar agreements conducive to partial or separate solutions to the Middle East crisis.

In another clause, which appeared to signal a victory for hard-line Arab states, the ministers "expressed profound concern at the many provocations by the U.S. which violate [Libyan] sovereignty and territorial integrity."

Libya's foreign minister, Ali Abdel-Salam al-Tureki, said in a speech Monday that U.S. warships were carrying out maneuvers off Libya, but did not say exactly where. "The continuation of American aggression... represents a dangerous threat to the independence of Libya," he asserted.

The communiqué called for a nuclear-free Middle East but made no mention of any specific country's nuclear weapons.

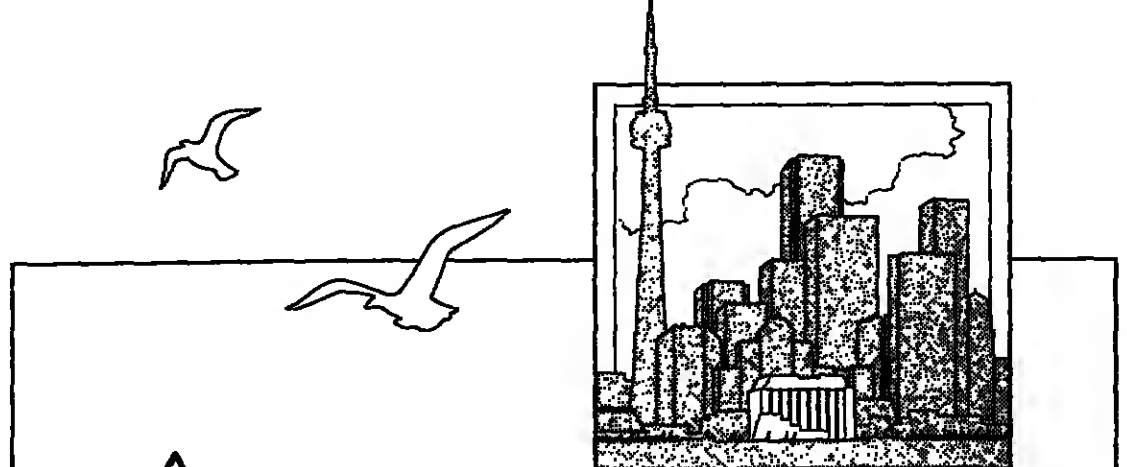
It also deplored the "continuous escalation of great-power military presence in the Mediterranean" and said naval movements "which directly or indirectly threaten the interest of nonaligned Mediterranean members" should be stopped.

González Plans Irish Visit

The Associated Press

MADRID — Prime Minister Felipe González of Spain will make a two-day visit to Ireland beginning Sept. 28, a government spokesman announced Tuesday. Mr. González, a Socialist, is to meet with President Patrick J. Hillery and Prime Minister Garrett FitzGerald.

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A large picture of Enrico Berlinguer, right, the late leader of the Italian Communist Party, stands in the Rome fairground where the Communists are holding their annual festivities.

Italy's Rock-and-Salami Communism

Party's Festival Seems to Sell Everything But Socialism

By E.J. Dionne Jr.
New York Times Service

ROME — Maurizio Tomassoni is an activist in San Marino's Communist Party. But at the Italian Communist Party's Festa de l'Unità last week, Mr. Tomassoni was selling T-shirts bearing the Stars-and-Bars of the Old Confederacy. Confederate flags at a Communist Party festival?

"We'll sell just about anything," Mr. Tomassoni said cheerfully, pointing to his stand of Americana. "There are so many young people who like this flag. It reminds them of Elvis Presley."

Elvis Presley, rock video, salamis and stereo shops, Apple computer handbooks, a string of American movies and even the New York City Baller. This is the stuff of Italian communism, at least as represented by the Festa de l'Unità, an 18-day celebration here that the party has organized to entertain the faithful and attract the curious.

Of course, there is ideology, too, at this annual event. Red flags flutter everywhere and Communist parties from all over the world have set up booths. But across the fairground, with its 20 restaurants, 15 cafes and 12 bars, such politicking is definitely not the main show.

The other night, a Soviet Intourist stand stood desolate while visitors crowded into a Gerardo stereo shop next door, entertained by hard-driving rock music and a light show.

Two cartoons in last Wednesday's editions of *La Repubblica* captured the tone. In one of them, a doleful Karl Marx declares: "This year, I'm not going to the Festa de l'Unità. I don't know anybody there, anymore." In another, a young man surrounded by signs for Fiat, Olivetti and Fiorucci salami asks a comrade: "And what about socialism?" "Sorry," the comrade replies. "We couldn't find a sponsor. How about a sausage?"

The Italian Communist Party savors this image of undecorous eclecticism, which has brought it to an important point in its history. Last June, the party's longtime leader, Enrico Berlinguer, died and

set off a wave of national mourning during which even his old adversaries praised his honesty and intelligence.

In the elections for the European Parliament six days after Mr. Berlinguer's death, the Communists achieved a breakthrough they had been struggling toward for 40 years. They outpolled the dominant Christian Democrats by three-tenths of 1 percent, making them for the moment the No. 1 party in Italy.

The victory brought a new word into the Communist lexicon: *"il sorpasso,"* literally the overtaking, politically the breakthrough.

This summer, after a long internal consultation among party leaders that Communist supporters hailed as a step toward internal democracy, the party named Alessandro Natta as its new leader. Mr. Natta lacked the touts intellectual appeal of Mr. Berlinguer, but he was broadly acceptable to the party's various factions and pledged himself to continue Mr. Berlinguer's policies.

But after its summer of triumph, the party has gone back to facing some of the same quandaries it confronted when Mr. Berlinguer was alive. Communist leaders realize that the European elections may prove to be a fluke, a victory in balloting that conferred no real power.

In fact, one Western diplomat said, echoing the views of other commentators here, the Communists are no closer than before to figuring out a strategy that would bring them to power. Once they sought a historic compromise with the Christian Democrats, later a left-center coalition with the Socialists. Neither tack worked and the party's opponents show little sign of giving it a new opening.

"They're stuck again," the diplomat said. "And there's going to be no moving aside by the other parties."

"It's a moment of novelty both politically and psychologically," said Achille Occhetto, the head of the Communist Party's press and propaganda division. "It poses im-

portant questions to all the major political forces in the country."

At the same time, the Communists are maintaining their policy of distance from the Soviet Union. Although the party opposes the deployment of American cruise missiles in Sicily, they have not pursued the issue with as much vigor as arms protesters elsewhere in Europe.

A striking illustration of the relatively moderate tone of the party's criticism of President Ronald Reagan's foreign policy came in L'Unità, the party paper.

On its front page, the paper carried a translation of an article written by W. Averell Harriman, Clark M. Clifford and Marshall D. Shulman, three former top American officials. While their article was a sharp critique in the context of U.S. politics, it was far from the European leftist style. And the party freely reprinted the article's criticisms of the Soviet Union.

Thus do the Italian Communists keep trying to look Social Democratic while claiming allegiance to a revolutionary past: red flags flying over microcomputers. Mr. Occhetto laughed off the contradictions. "It's the joke of the dialectic," he said.

At the festa, the local party section from Magliana, a suburb of Rome, seemed to succeed best at potting all these elements together.

The section's fund-raising gimmick was an electronic peace game that took the form of a giant map of the world. For 60 cents, a contestant could get to flip a switch that lit up one small square. Some of the squares were empty, others contained weapons of war.

"You're trying to knock out missiles," explained Daniela Archivio, a party member. "If you knock out a bigger missile, you get a bigger prize."

And Giulio Sordani, another party member, added: "We've divided the missiles equally all over the world. Not just America."

The party, he insisted, took a fair-minded view of the land of Elvis Presley.

Nakasone Faces Challenge by Leader Of Faction in Japanese Ruling Party

By Sam Jameson
Los Angeles Times Service

TOKYO — Kiichi Miyazawa, a leading policy-maker of Japan's ruling Liberal Democratic Party, declared Monday that he would probably challenge Prime Minister Yasuhiro Nakasone in voting in November for party president, a post that carries with it the premiership.

Mr. Miyazawa, a bureaucrat-turned-politician who has served in a variety of cabinet posts, said that his faction of the ruling party, led by former Prime Minister Zenko Suzuki, is now discussing such a challenge. And he added that the discussion centered on whether to seek the party presidency through negotiations or through a party election.

There can be no meaning to [negotiations] without a candidacy," he said, adding, "I think our faction members are carrying on their debate with [my] candidacy as a pre-condition."

Mr. Miyazawa's statement, made at a news conference at Takamatsu on Shikoku Island, was the first open challenge to Mr. Nakasone's hopes of obtaining a second two-year term.

At the same time, Kakuei Tanaka, a former prime minister, declared in two meetings of his party faction, the largest within the ruling Liberal Democrats, that his 118 followers in the Diet or parliament would not offer a candidate. He indicated that they would support Mr. Nakasone for a second term.

It was the first time that Mr. Tanaka has said without qualification that his faction would not field its own candidate.

Although he did not mention Mr. Nakasone by name, Mr. Tanaka's remarks were taken as tantamount to an endorsement of the incumbent prime minister, who was elected two years ago primarily through Mr. Tanaka's support.

Mr. Tanaka remains the undisputed king-maker of the ruling party in spite of his conviction on

charges of accepting a \$1.8-million bribe from the Lockheed Aircraft Corp. during his 1972-74 term as prime minister.

A Miyazawa candidacy would deprive Mr. Nakasone of the backing he got from the Suzuki faction two years ago but, with Mr. Tanaka's 118 followers and his own 56, Mr. Nakasone would be assured of the support of at least 44 percent of the Liberal Democrats in parliament who vote for party president.

Political observers said that Mr. Miyazawa, who has never run for the party presidency, might feel that he had to make the effort now to lay the groundwork for a stronger campaign in two years.

If Mr. Miyazawa makes a formal bid, Foreign Minister Shintaro Abe is also expected to run against Mr. Nakasone. Candidates are sched-

uled to declare themselves on Oct. 29.

The party's 392 members in both houses of parliament will vote in late November to elect their president. However, an election could be avoided if a consensus were to be reached through discussions.

Mr. Nakasone's general performance in foreign affairs and, especially, his close personal relationship with President Ronald Reagan, are highly rated here and abroad. However, his image in domestic affairs has been tarnished by his reliance on Mr. Tanaka for backing within the ruling party.

23 Die in Attacks By Guerrillas in Philippine Areas

Reuters

MANILA — A total of 23 people were reported killed in guerrilla attacks in the central and southern Philippines on Monday.

A military spokesman in Manila said that 11 people, including five policemen and three militiamen, were killed in an ambush near Klapawan, in central Mindanao. Two of the 60 attackers, believed to be members of the communist New People's Army, also died.

At least eight people were reported to have been killed when suspected guerrillas of the secessionist Moro National Liberation Front raided a house in Lanao del Sur province, in northwest Mindanao, the Philippines news agency said.

In Negros Occidental province in the central Philippines, a soldier and two civilians were killed in separate ambushes by suspected New People's Army members.

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UN Honors U.S. Merchant Captain, 2 Seamen for Rescuing Vietnamese

By Iain Guest
International Herald Tribune

GENEVA — The office of the United Nations High Commissioner for Refugees (UNHCR) said Tuesday that it had given its highest award to an American merchant captain and two of his crew members, who plunged into the sea to rescue Vietnamese refugees.

UNHCR officials said the award to the three seamen was intended to encourage ship captains to rescue Vietnamese "boat people" instead of leaving them to the mercy of pirates and the weather. The practice of abandoning refugees, they said, was on the increase.

The officials said that the Nansen Medal, named after Fridtjof Nansen, a Norwegian who was the first commissioner of refugees for the League of Nations, would be presented in Geneva on Oct. 8 to Lewis Hiller, captain of the Rose City, and two crewmen, Jeff Kass and Gregg Turay.

The officials said that 85 Vietnamese refugees were saved "from almost certain death" on the night of Sept. 21 last year after Captain Hiller diverted the Rose City to answer their distress signal during a

heavy storm in the South China Sea.

The two crewmen then jumped into the swell and rescued two refugees clinging to life belts. A third refugee drowned. The group of 85 was subsequently disembarked at Singapore and has since been resettled in the West.

The award is considered significant because the Nansen Medal is usually presented to internationally known personalities. The first recipient, in 1954, was Eleanor Roosevelt. Last year, the medal was given to President Julius Nyerere of Tanzania.

During the first six months of 1984, 14,762 Vietnamese refugees arrived in neighboring countries by boat. This figure, as well as being substantially lower than last year, was only marginally higher than the 14,195 refugees who took advantage of the UNHCR "orderly departures program" from Vietnam, instead of risking their lives in boats.

Officials said, however, that this progress was offset by the fact that fewer ships are stopping to pick up refugees in distress. This year, the proportion of refugees rescued at

sea has fallen to less than 6 percent, compared with 21 percent in 1980.

"More and more ships are steering away from refugees. There is no way to avoid that conclusion," said Michel Barton, a UNHCR spokesman.

Mr. Barton added that many sea captains were apparently worried that their governments would have to take responsibility for resettling the refugees, and that they would be subjected to costly delays at their next port of call while the local government considered what to do with them.

This, he said, was an unnecessary concern because the UNHCR has negotiated an agreement with all the countries of first asylum in the region, stipulating that any refugees rescued at sea will be moved out to a third country within 90 days.

UNHCR officials agreed that the longer refugees are left at sea the greater the chance they will be attacked by pirates. During the first six months of 1984, one-third of the 153 boats that arrived in Malaysia and half the boats that landed in Thailand were attacked by pirates, often with heavy loss of life.

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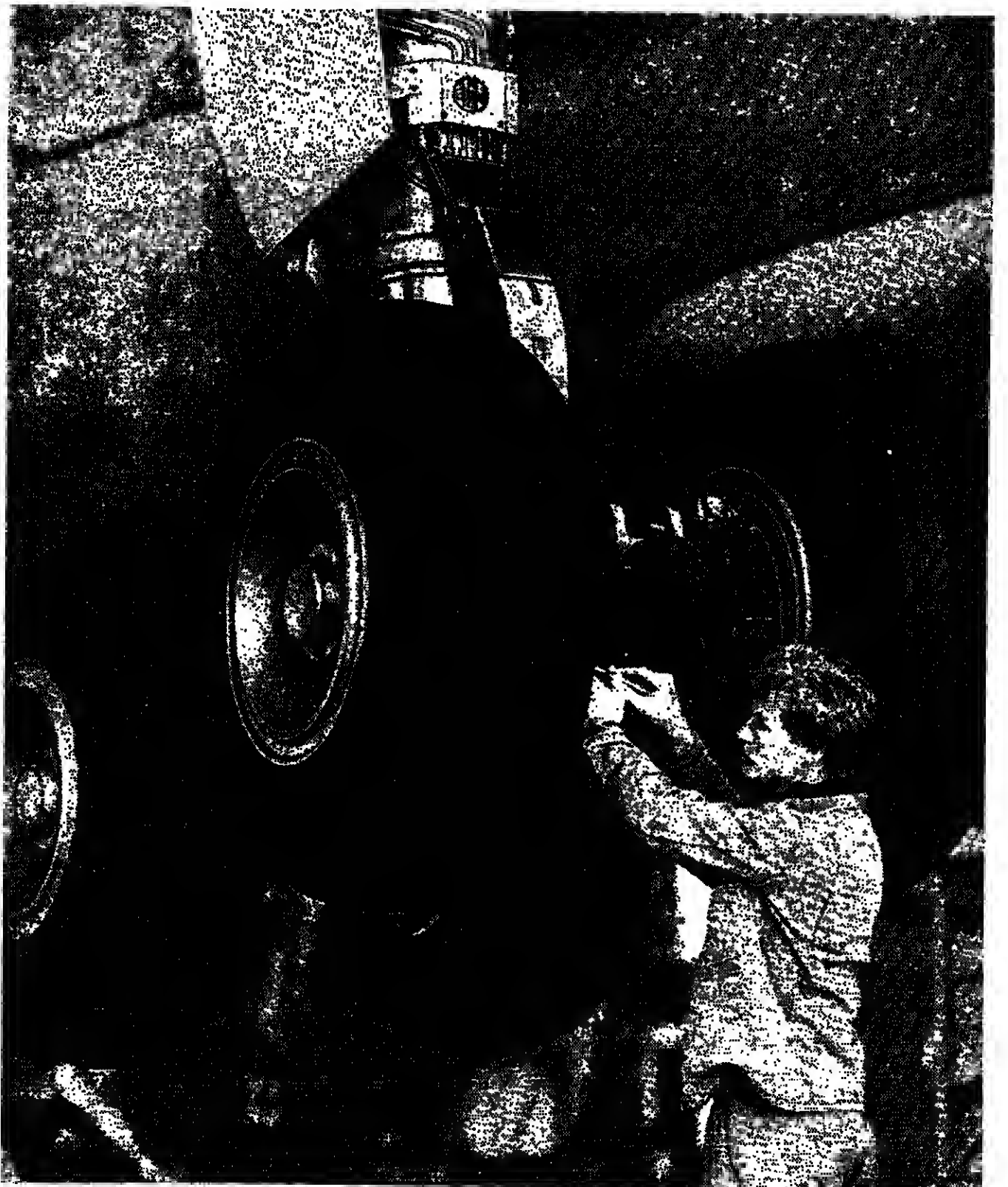
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Beyond Exchange Rates

September brings the annual meeting of the Board of Governors of the International Monetary Fund and its sister institution, the World Bank. It was the IMF that inaugurated the fixed exchange-rate system after World War II and presided over the switch to floating rates 30 years later. The contrast between prosperity during the fixed system and the troubles that succeeded it tempts IMF watchers to ask whether the floating system works. One might as well ask whether a spade works.

The fixed-rate system broke down because it was abused; in particular, a provision for refixing obviously aberrant rates was left out in the rain and it rusted up.

The floating-rate system has been criticized because of vast swings in the values of currencies. Undoubtedly, when a currency's international value starts changing because of divergent trends in prices and demand, inventions and innovation, the process overshoots and we move temporarily from one wrong pattern of exchange rates to another.

But it is not clear that the volatility of rates under the floating-rate system has harmed the world more than the abuse of the fixed-rate system did before it was abandoned. Even the IMF staff finds no convincing evidence that world trade and investment have suffered from this cause.

An exchange rate is a price. In market economies the amounts of money needed to buy wheat, automobiles or cotton shirts have to move up or down, in relation to each other, to bring supply and demand into balance — to clear the market, in the technical jargon. Is it more harmful when the number of French francs needed to buy an American dollar moves?

The question may seem strange to those who have witnessed the disturbing economic effects of the price of oil moving from \$2 to \$30 a barrel, or the price of a dollar rising from less than four French francs to more

than nine. Recent large exchange-rate movements have certainly strengthened pressure for protection in America. But just as the oil price rise told us something important — the dangerous extent to which we depended on a depletable source of energy in the Gulf — so the exchange rate tells us something significant about how America and France, for example, have been running their economies, and it underlines the need for corrections. In both cases, reasonable stability of the prices in question can be achieved only if individual governments adopt reasonable economic policies designed in the light of what is happening in the outside world.

Opponents of floating rates have to ask themselves whether the wounds of exchange-rate volatility are worse than those that France and Britain inflicted on themselves under the old system, when they delayed devaluations that were inevitable, or the wounds that occurred when U.S. devaluations at first resisted and then kept below what was necessary.

It seems fundamentally unlikely that a fixed-rate system could, of itself, have restrained the currency swings of recent years. Markets judge the relative values of currencies in the light of relative national developments and the policies underlying them. When markets decide that governments have got it wrong, no amount of exchange market intervention by the authorities or monkeying about with exchange controls is likely to recreate stability. In a free market, nothing slips across frontiers faster, out of government control, than a billion dollars.

For more stable exchange rates, governments have to think about better international coordination of their general economic policies, rather than about tinkering with the system. This is what needs discussing when the IMF Board of Governors convenes on Sept. 24 in Washington.

INTERNATIONAL HERALD TRIBUNE.

The Deaths in Nicaragua

The latest U.S. argument over Nicaragua centers on the death of two American civilians who had joined anti-Sandinist insurgents and were killed in a clash with Nicaraguan government forces inside that country. Nicaragua charges that the two were "CIA mercenaries," while the U.S. government and the group to which they belonged say they were unpaid anti-communist volunteers. Critics suggest that the Reagan administration is at the least coddling such volunteers and perhaps moving toward introducing American forces.

On the big question of whether American troops may eventually fight in Nicaragua or El Salvador, we see no possibility that this administration will take on a plainly antagonistic public or put down its own considerable internal resistance to the idea. It is a long way from the working-level solidarity shown, unwisely, to some private Americans who turn up in Central America. In fact, the report of private aid may reflect not an expansion of the official American presence but a contraction. Congress has rejected further funding of the "secret war" in Nicaragua after Sept. 30, and has kept the Salvadorans guessing. Into the gap some private aid has flowed.

A more intriguing question is posed by the death of the two Americans in Nicaragua. Just what is wrong with what they did? American citizens are free to pursue their political beliefs

in ways that do not violate U.S. law. One thinks of Americans who fought in Spain's civil war in the 1930s, with Britain before the United States entered World War II, with Israel in its several wars. The Neutrality Act constrains what American citizens can do on home soil, and has been invoked against Civilian Military Assistance for some of its state-side activities. But the two who died were in Nicaragua. In fighting the Sandinists, moreover, they were doing only what the U.S. government has done through its aid to Nicaraguan insurgents. The principal objection to them — as to the U.S. government — is political, not legal. We have argued against American sponsorship of those insurgents since the "secret war" became known.

Should there be a law? Earlier this year the Reagan administration proposed to make it a crime to aid foreign groups designated by the secretary of state as "terrorist." We thought it was a bad bill, putting excessive discretion into executive hands and unduly limiting the rights of citizens. In this case, this administration presumably would not have proscribed a group dedicated to its policy goals, but another administration might have. Better, we think, to leave citizens free to make their own choices about the foreign causes for which they wish to risk their lives.

— THE WASHINGTON POST.

48-Hour Balanced Budget

Pre-election congressional sessions invite political ploys, and at first glance Speaker Thomas P. O'Neill's latest promise just seems another of them. Mr. O'Neill has promised that, if President Reagan submits a balanced budget, the House will vote on it within 48 hours. Everyone knows this is a promise Mr. O'Neill will never have to deliver on. Everyone understands it is a partisan riposte in the Republican charge that it is the Democrats who prevent the budget from being balanced.

Grant all that. Even so, Mr. O'Neill's promise usefully illuminates the debates on policy and politics. The speaker does not promise to support any balanced budget the president should propose; he just promises to let the House vote on it. But before you call Mr. O'Neill a hypocrite, ask yourself this: Which member of the House, all 435 of whose seats are up in November, would vote for a balanced budget? Far fewer, we wager, on both sides of the aisle, than you will hear ritually praising the balanced budget in the abstract.

Few in Congress, or elsewhere, have given

much serious thought to what a balanced budget would look like. Cut domestic spending all you want, eliminate all welfare programs you do not like, adopt the Grace Commission's ideas on waste-cutting, take great machete chops at defense — do all this until the budget is balanced, and you will come up with something almost every congressman will find in some critical aspect unacceptable.

Mr. Reagan would rather complain that Congress, or the Democrats, will not cut spending as much as he would like, and glide over the fact that he will not say, with minor exceptions, what spending he would cut himself. But Congress has a good reason for not cutting spending further: The American people do not want it done. They want substantial military spending. They want interest paid on the national debt. They do not want the rest of the federal budget chopped to nothing, which is roughly what you would have to do to balance the budget if you kept those first two kinds of spending and allowed no tax increase.

— THE WASHINGTON POST.

FROM OUR SEPT. 12 PAGES, 75 AND 50 YEARS AGO

1909: Dr. Cook Is Not 'Ungentlemanly'
LONDON — "Reynolds" Newspaper remarks: "It seems probable that we are in for a bitter and prolonged controversy as to who is entitled in the honor of being acknowledged as the first discoverer of the North Pole. Many of the suggestions made about Dr. Cook are altogether unworthy of those who profess to have any scientific interest in the question at all. In criticism of him, there seems to be a kind of underlying feeling that it was an ungentlemanly thing to do to discover the Pole before Commander Peary, who had often tried. To give Dr. Cook his due, his tributes to Commander Peary have been generous, and his own story has been told with modesty. We are content to accept his account provisionally."

1934: Louisiana Votes Under Bayonets
NEW ORLEANS — Bayonets bristled in New Orleans and other anti-Long parishes as the people of Louisiana went to the polls [on Sept. 11] under the virtual military dictatorship established by Senator Huey Long to assure his candidates' election and complete his political domination of the state. The "Kingfish" is seeking the re-election of two Congressmen, a Supreme Court Justice and a member of the Public Service Commission. Senator Long took over New Orleans with the aid of the state legislature and 3,000 National Guardsmen two weeks ago, after he previously had seized the Parish Registrar's Office and had stricken from the election rolls all names he considered hostile to his candidates.

Pinochet as the Emperor of Chile: Less an Augustus Than a Caligula

By Ariel Dorfman

BETHESDA, Maryland — For 11 years, each time I have turned on the radio, it has been with the hope that the next bulletin would report that Chile's ruler, General Augusto Pinochet, has been overthrown.

Ever since he led a bloody coup against the elected socialist president, Salvador Allende, on Sept. 11, 1973, I have waited in each of my many exile homes for that dispatch from Santiago. Instead, the radio insists on bringing other news: of torture and international bank loans, of people abducted in the night, of fraudulent plebiscites, of concentration camps.

At each of the general's crises, I have told myself: This time he will have to go. But he has outlasted all predictions.

Last year, it seemed as if my prophecies were finally being shared by most Chileans. General Pinochet's much-vaunted economic miracle had turned into the mirage that, to many, it had always been — with one-third of the labor force jobless, thousands of bankruptcies, the highest foreign debt per capita in Latin America and a record 14-percent drop in the gross national product. Millions of people, banging pots and pans, were demanding his resignation. Reports of his personal corruption began to surface in a press that could no longer be muzzled. His days were numbered, or so it appeared.

Yet, he has survived. Many critics who a year ago believed he was doomed now expect that he may misrule Chile until the end of the millennium. Apparently sharing that perception, the general recently went so far as to publicly compare himself to a Roman emperor.

How to get rid of a two-bit emperor? The answer of most Chileans has been, until now, fundamentally convenient. It is true that some fringe groups on the extreme left advocate armed struggle and also true that the strong Communist Party, which for 60 years had sustained the

idea that socialism could be reached without use of force, has proclaimed the right of public insurrection. But the Communists have not engaged in any significant acts of armed resistance.

They are held back, I believe, not only by the intuition that such a course might prove suicidal but also by the hope of most people, their own militants included, that change can come about without a long civil war such as El Salvador's.

The typical attitude is that of hundreds of thousands who the other day stopped at noon to sing "Thanks to Life," a song by Latin America's greatest folk artist, the Chilean Violeta Parra. This is the Chileans' answer: Despite having been raped, we do not want to reply with more pain and death.

If there is any Latin American country where active nonviolence has deep roots, it is Chile.

Then why is there no more international support for this movement? The United States keeps condemning terrorism, keeps stating that people should not resort to aggression in solve their problems. But what vigorous steps has the Reagan administration taken to help the Chileans rid themselves of oppression and injustice through peaceful means?

There is still a chance that my long wait by the radio will not prove futile. Augusto Pinochet remains in power only because he confronts a divided opposition and is supported by a united army. If the situation were reversed, he might find that the emperor he incarnates is not his namesake Augustus Caesar, as he must believe, but Augustus's great-grandson Caligula, who was eliminated by his praetorian guard.

If there is not a change soon, many Chileans, especially those who live in the most extreme deprivation and have been mercilessly persecuted, will despair of putting their unarmed bodies in front of bullets. They would then be exercising a legitimate right to rebel against tyranny, as did



Drawing by Solimano.

the American colonies. If that happened, the U.S. State Department, you can be sure, would issue a strident statement deploring the rebels' violence and calling on them to use less warlike means to achieve their ends. A more practical approach, beginning this minute, would be to prod General Pinochet into abdication by resoundingly deploring the real violence he exercises on a people who may be defenseless but who are not endowed with infinite patience. And by applying pressure. Otherwise, another El Salvador may be in the making.

The contributor, a writer whose latest book is "Widows," a novel, wrote this comment for The New York Times.

The Sacred and the Secular

In America, an Ironic Contrast to the Kennedy Pledge

By Theodore C. Sorensen

holding public office nor imposed by his office upon the public.

How ironic that the same pious preachers who extracted these pledges from John F. Kennedy now embrace Ronald Reagan for violating every one of them. How ironic that a president who campaigned on the need to limit government's role has so entangled it in matters once reserved for the individual conscience and faith.

Mr. Kennedy, in his Houston address and later in the White House, also responded to more specific questions on church-state relations — whether he would send an ambassador to the Vatican, support financial aid for parochial schools, repudiate the Supreme Court decision on school prayer, reduce foreign aid because of the recipient's population-control practices, or "subvert the First Amendment's guarantee of religious freedom."

He rejected all of these positions. President Reagan has adopted every one of them.

Mr. Reagan correctly asserts that religious and moral values are relevant to any consideration of public issues. It is, moreover, his right to seek votes from any religious group, and the right of any clergyman, the Reverend Jerry Falwell as much as the Reverend Jesse Jackson, to participate in political and public policy debates. But when the president and his supporters use religion as a sword to undercut his political opponents and a shield for

his policy views, when he damns those who disagree as "intolerant" or against religion, when he uses the White House to impose a particular religious group's values on national affairs, he is eroding the basic principles that the nation adopted in 1791 and effectively strengthened in 1960.

After the divisive and destructive religious rancor of the 1960 campaign most Americans devoutly hoped that Mr. Kennedy's Houston speech, election and conduct of the presidency had settled "the religious issue," that no president and no religious majority — even a self-anointed Moral Majority — would thereafter dare to challenge or attempt to coerce anyone else's religious or political standing. Mr. Reagan, in dashing those hopes, has opened a Pandora's box, releasing into the atmosphere dark elements of bigotry, disunity, incivility, hatred — everything but hope.

What can be done about it? When Mr. Kennedy was asked in 1963 about the potentially adverse effects of the Supreme Court's decision barring state organized prayers in public schools, he replied: "We have a very easy remedy. . . . Pray a good deal more at home."

To restore the crumbling wall between church and state, that simple remedy is still available, and is made more effective if exercised with another basic remedy: the right to vote.

The writer, a New York lawyer, was special counsel to President John F. Kennedy. He contributed this comment to The New York Times.

In the Vatican, a Cautious Line on Liberation Theology

By Juan de Onis

RIO DE JANEIRO — The Vatican, in issuing last week an extensive "instruction" to Roman Catholics on the so-called theology of liberation, condemned the mingling of Marxist teachings with the social and political views of some church sectors, particularly in Latin America. A few days later, as if to personalize the solemn instruction, a leading figure in Third World theology, Leonardo Boff, a Brazilian Franciscan, was submitted in questioning in Rome on his writings by Cardinal Joseph Ratzinger, prefect of the Sacred Congregation for the Doctrine of the Faith.

All this not only gave new prominence to what was a somewhat intramural debate, but also — contrary to some interpretations — showed a cautiously favorable stance by the Vatican hierarchy toward further development of liberation doctrines.

What is at stake, according to church progressives, is the relevance of the church to basic social, economic and political conflicts that have taken on revolutionary form in many Latin American countries. But church conservatives what is also at stake is the unity of the church under a hierarchy based on the authority of the pope in Rome.

As Father Boff and other theoreticians of liberation theology see it, the church stands at a crossroads in the Third World. The choice for the church, in their view, is between identifying itself with the status quo or throwing itself as an institution into support and guidance for revolutionary changes in societies characterized by extremes of wealth and poverty.

But the option introduces great tensions in the societies and in relations within the church.

The most concrete expressions of liberation movements within the church are the so-called basic communities that have developed, with the encouragement of progressive bishops, clergy and religious orders, in the poor rural and urban slum sectors of Brazil and other Latin American countries. These "reflection groups," made up of peasants, workers, housewives and others, discuss the gospel and church teachings in the light of these people's daily lives. Unemployment, poverty, repression and alienation from the centers of power are current coin for parish priests and laymen involved in the movement.

As Father Boff wrote in "Faith on the Periphery of the World," the challenge facing the church is as much political as doctrinal.

"Either the church maintains relations with the state in a form of collaboration that means accepting

the present rules of the game in return for personal security and institutional religious and welfare services, or it takes seriously the experiences of the basic communities and the passions of the people, lending its voice and its social weight to promote substantial changes.

The church adopted the concept of a "preference for the poor" at conferences of bishops at Medellin, Colombia, in 1968, and at Puebla, Mexico, in 1979. These conferences tried to apply the decisions of Vatican Council II and the major social encyclicals of Pope Paul VI to Latin realities.

The evolution of the theology of liberation in this region, beginning with the Reverend Gustavo Gutierrez of Peru, paralleled this *aggiornamento*, or coming to terms with realities.

In extreme cases, radical Roman Catholics emerged who sought to picture a Christ returning to Latin America today as a guerrilla fighter. Some priests in Central America and Colombia joined guerrilla forces.

But the mainstream of the liberation movement is less flamboyant, and its best thinkers pose an evolved theological body of thought that goes to the heart of Roman Catholic belief and church government.

The theology of liberation deals in social and political realities. It has identified the concept of sin with social injustice, which it attributes to the capitalist system, liberal "individualism" and the dependency of Third World countries on "imperialism."

These concepts derived, according to some of the leading liberation

theologians, from Marxist social analysis that considers class conflict the main cause of historical change through social revolution. This affinity of temporal thought between the liberation movement and the Marxists is what the Vatican has condemned — but last week's instruction notably does not condemn the movement for seeking social changes that will favor the poor.

The main thing for me is that the Vatican does not place itself against the basic communities," Father Boff said before appearing in Rome.

Whatever the Vatican had in mind in issuing its instruction and questioning Father Boff, the likely response is to give even greater momentum in the theology of liberation, wherever Catholics want the church to be on the side of the oppressed.

Los Angeles Times.

That Dallas Platform Isn't Harmless

By C.W. Maynes

This is the first of two articles.

WASHINGTON — The Republican Party platform has been described as a very conservative document and dismissed as a piece of paper that no White House incumbent, including Ronald Reagan, would follow in office. But this black attitude betrays an ignorance of the political revolution that has taken place in the party.

The party is increasingly dominated by a radical right initially out of step with the rest of the democratic world, including the most conservative portions of that world. A Republican Party dominated by the men who controlled the proceedings in Dallas could not fail to place a great strain on America's friendships throughout the world, particularly after the current, relatively pliable White House incumbent leaves the political scene.

The Dallas platform is sobering because it shows how little effect the experience of wielding power has had on the foreign policy views of the ascendant faction of the Republican Party. The platform is not a conservative document but a radical manifesto that carries falsehood and irresponsibility to new levels for American politics.

The Carter administration is accused of "diminishing" U.S. military capacity, and of "unilateral disarmament." In fact, that administration reversed earlier trends of declining military budgets.

The Republican platform effectively

broke off negotiations with the Soviet Union over the Comprehensive Test Ban Treaty, limitations on naval forces in the Indian Ocean and conventional arms transfers, because it could not agree on terms.

Mr. Carter could also have had a SALT agreement in his first year if he had been willing to exploit immediately the conceptual breakthrough that Soviet Premier Brezhnev had achieved at Vladivostok in his talks with Leonid Brezhnev. Instead he chose to seek a much more ambitious agreement, failed, and finally had to settle for terms very close to those Mr. Ford had developed.

The Dallas drafters complicate the efforts of the International Monetary Fund in stave off a global credit collapse. Endorsing legislation sponsored by Congressman Jack Kemp of New York, the platform denounces the "austerity programs" that the IMF has negotiated with key developing countries that are trying to pay off their debts to Western banks.

There are also passages that suggest that the distinct Know-Nothings of the mid-1800s retain influence in the United States. In Dallas the Republicans denounced the Palestine Liberation Organization for relocating in Syria when in fact it has relocated primarily in other Arab countries and Syrian gunners have been raining shells on PLO forces in northern Lebanon.

The Carter-Mondale administration is depicted as anxious to sign agreements with the Russians "at any price." In fact, that administration entered into and then froze or

Some of your readers may be irritated by the frequency with which your reports cite unidentified "diplomats" as the source of opinions and allegations of fact.

An argument can perhaps be made for the practice of publishing allegations of fact made by persons who do not wish to have their identities revealed. It may be doubted, however, that journalistic deontology should permit a foreign correspondent to buttress his reports with anonymous quotations. For whom are these unnamed diplomats speaking? Do they represent their government's views, or are they voicing personal opinions? Do they, in fact, always exist, or are they created by the writer to support his — or his publisher's — position? At the very least, the reader ought always to be told the "diplomat's" nationality so that he can evaluate what is alleged to have been said.

It is, of course, natural for a correspondent to interrogate diplomatic contacts as part of his everyday work. But when a diplomat's words are published without identifying him, responsibility for what he says is obscured. Would it not be fairer to the reader (although perhaps it would not be in the United States journalistic tradition) to permit the journalist, having canvassed his diplomatic contacts, to give us his own views, or, at least, to state the responsibility for the views expressed would be unambiguous.

CAMPBELL BALLANTYNE, Geneva.

A U.S. Debt To These Vietnamese

By Stanley Karnow

WASHINGTON — The Reagan administration could perform an important humanitarian service by granting asylum in the United States to the thousands of Vietnamese who have been held in concentration camps in Vietnam since Saigon fell to the Communists.

Administration officials have been discussing the issue with congressional leaders, and a decision is near. Vietnamese leaders in Hanoi have said repeatedly that they would release the prisoners on condition that they be moved to the United States. But it remains to be seen whether they will stick in their pledge.

One reason to be skeptical is that they have consistently rejected requests by the International Red Cross to visit the camps, which are called "re-education" centers. Refugee specialists have no lists of the inmates, who are estimated to number between 6,000 and 15,000.

But it is up to the United States to test the sincerity of the Communists, largely for the sake of the prisoners and also because their plight is, to a shocking extent, the result of official U.S. bungling.

It was plain during the early spring of 1975 that the anti-Communist government of South Vietnam was doomed. North Vietnamese forces were rolling toward Saigon, and South Vietnam's president, Nguyen Van Thieu, was committing blunder after blunder as he tried to organize his defense.

Still worse was the conduct of Graham Martin, the U.S. ambassador. He refused to believe that the end was close, and rebuffed recommendations to initiate evacuation plans.

The Americans in Saigon escaped at the final hour, lifted by helicopters in aircraft carriers lying offshore. But thousands of South Vietnamese who had worked for the U.S. Mission were left behind. Some had held sensitive intelligence jobs; many others performed daring feats to rescue the Vietnamese most in jeopardy. But most of the local employees were abandoned to the Communists, who dealt with them harshly.

Those who have managed to come out of the "re-education" centers have told stories of being beaten, tortured or denied adequate food. Their sufferings have been documented by Amnesty International. When I was in Vietnam a few years ago, I learned that the pervasive repression extended to anyone even remotely suspected of having reservations about the Communist regime.

Even a prominent Communist with whom I dined one evening deplored the severity of the crackdown. The regime, she said, was squandering talented people by jailing them for such ludicrous reasons as having attended school in America.

Should the United States open its doors to these prisoners, much of the credit for the breakthrough should go to those who have been lobbying for more liberal policies. They include Representative Stephen Solarz of New York and Roger Winter, head of the U.S. Committee for Refugees.

State Department experts have been active as well in persuading Secretary of State George Shultz to support a more flexible approach.

The Vietnamese Communists are eager to improve their relations with the United States, to a large degree in the hope of maneuvering with China, their principal enemy.

Even if the political prisoners in Vietnam are granted habeas, the problem will be far from resolved. Thousands of Vietnamese, Cambodians and Laotians are languishing in refugee camps in Thailand and elsewhere, and thousands more still pour in from Cambodia.

The United States has already taken some 700,000 refugees from Indochina since 1975. Most have proved to be enterprising residents, and I would submit that more of them ought to be taken.

This terrible situation once again demonstrates that the Vietnam War is not finished and is not likely to be soon, for the Vietnamese or for the United States.

Tribune and Register Syndicate.

LETTER

Unnamed Sources

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CAMPBELL BALLANTYNE, Geneva.

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ARTS / LEISURE

At Deauville Festival, a Film Biography of Director Stevens



George Stevens: A Hollywood career, as seen by his son.

By Thomas Quinn Curtiss
International Herald Tribune

DEAUVILLE, France — The 10th Deauville festival of American cinema, which ended last weekend, offered a choice selection of U.S. films, many being screened for the first time in France.

The occasion's most imposing and memorable event was the world premiere of "George Stevens: A Filmmaker's Journey," a moving tribute to the famous director of "Shane," "A Place in the Sun" and "Giant," compiled by his admiring son, George Stevens Jr., a producer of television documentaries.

The elder Stevens' career is recounted in a commentary by his son, interspersed by interviews with his surviving working associates — among them, Katharine Hepburn, Max von Sydow, Fred Astaire, Ginger Rogers, Douglas Fairbanks Jr., Cary Grant and John Huston — and his achievements are vividly illustrated with excerpts from his motion pictures.

Stevens was born in San Francisco, the son of theatrical parents. His uncle was Ashton Stevens, a

celebrated drama critic in New York and Chicago from the early part of the century until his death in the 1950s. Ashton Stevens was the model for the character played by Joseph Cotten in Orson Welles' "Citizen Kane."

When the movies dulled the public's appetite for live performances in the 1920s, the Stevens family moved to Los Angeles in search of employment. Stevens' mother and father found only occasional extra work, but their son, who had a passion for photography, was soon a cameraman for Hal Roach's comedies, shooting the antics of Laurel and Hardy in silent two-reelers.

From these expert clowns he learned much about what makes audiences laugh, but he was anxious to create films instead of merely recording them. He was hired as an assistant director on several Westerns starring the white horse Rex, but it was only in 1935, largely because of the intervention of Hepburn, that he attained full directorial status.

The film was "Alice Adams," derived from Booth Tarkington's novel about a small-town girl with snobbish social ambitions. It had been done before with the lovely Florence Vidor in silent days, but Stevens injected it with his own wit and humor. With his first try he gained a reputation as a screen stylist.

He displayed his versatility in a series of films that followed, guiding Astaire and Rogers through their steps in "Swing Time," recreating Kipling's India in "Gunga Din" and directing Astaire again together with George Burns, Grace Allen and Joan Fontaine in "A Damsel in Distress," from a script by P. G. Wodehouse and a score by George Gershwin.

When World War II was declared, he enlisted and left Hollywood after completing a comedy about wartime Washington, "The More the Merrier."

As an officer in the U.S. Army Signal Corps he was assigned by Eisenhower to photograph the Normandy landings, the liberation

of Paris and the ghastly revelations of the Nazi concentration camps. His son has included much of that footage, which had not been released for public showing. It is strong and thrilling stuff, and the director's war experience stirred him to more serious speculations on human frailties when he returned to Hollywood.

There he devised a version of Theodore Dreiser's novel "An American Tragedy," shifting its scene from pre-World War I times to the post-World War II era with Clyde Griffiths as an ex-GI only partially under the influence of his parents' fanatical religiosity. As "A Place in the Sun," it was enacted by Montgomery Clift, Elizabeth Taylor and Shelley Winters.

In "Shane," Stevens broadened the scope of the traditional Western into a drama of conscience. He retold "The Diary of Anne Frank" with gripping realism and compelling pathos.

His enlarged outlook on the world, however, brought him to financial disaster. He studied Christianity and decided to crown his career with a film about the life of Jesus.

"The Greatest Story Ever Told," written by the poet Carl Sandburg, suffered numerous setbacks in its filming. For example, the sets of Jerusalem built in Nevada were snowed under, causing an interminable delay while the overhead mounted.

The finished film, of 1965, was of distinguished quality, but it failed at the box office. The exorbitant cost of the production was never recovered, and the studios were reluctant to entrust Stevens with future assignments. He found himself in the identical position of the cinema's pioneers — D. W. Griffith and Erich von Stroheim — who were dismissed as impossible and expensive visionaries.

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'View' Has Sense of Old-Time Drama

By Sheridan Morley
International Herald Tribune

LONDON — Those of us lucky enough to have been reminded at his East Anglian university seminar this summer of the greatness of Arthur Miller now get further proof of that remarkable talent at The Young Vic, where there is the first major production in almost 30 years of his "A View From the Bridge."

The last one was banned by the Lord Chamberlain. In those best forgotten days of theatrical censorship, steel-nerved adults who wished to see Anthony Quayle kissing Richard Harris on stage had to join a "club" at the Comedy Theatre.

But now that the play is on public show, it may come as something of a surprise. In the first place it's not really about homosexuality, any more than it is about the great Lean-like figure evoked by Quayle coming to terms with an incestuous love for his own niece, although those are minor strands of the plot. Essentially, though, this threnody drama comes, like "The Crucible" (written three years earlier and now also in British revival on a small-scale Royal Shakespeare Company tour), directly from Miller's fixation on conscience and betrayal, issues highlighted in the United States by the McCarthy hearings of the mid-1950s. Indeed, 1956, the year when "A View From the Bridge" was first seen here, was also the year that Miller was found guilty of contempt of Congress for his refusal to answer the questions of the House Un-American Activities Committee.

It is therefore not easy to consider "A View From the Bridge" — expanded from an original and more poetic one-act drama — in the isolation to which some have again consigned it. Like "On the Waterfront," set only a few hundred yards away, this is not just another Italian-American soap opera about a rough community where even Brando could have been a contender. It's about the mid-century agony of a country trying to work out its familial, racial and political loyalties, and that gives it even in the most overblown moments of the script, a raw dramatic power unavailable elsewhere in London now that we have lost both "The Country Girl" and "Golden Boy."

Sure, it drags a bit and creaks a bit. And there are moments when Eddie Carbone's decision to betray his illegitimate cousin to the authorities because he may be gay and about to make off with the beloved niece seems a bit obscure, especially when we have to have his lawyer like a Greek chorus explain the morality of it all.

But this is the play that gets us from "All My Sons" to "West Side Story," and in Roger Smith's production, it draws marvelous performances not only from Malcolm Tierney and Annie Ross as the Car-

bones but also from David Harcourt as the narrator-lawyer and Vincenzo Ricotta as the dancing suitor ("If you closed a paper fast, you could blow him over").

There is a street poetry here worthy of Odets, but as Brooklyn tragedies go, there has never been one about collective and individual differences, even in Ulster.

THE LONDON STAGE

guit that managed so powerfully to link sexual and social betrayal to a greater scheme of things, in which the lawyer can tell us: "Only God makes justice." For its ambition and its sense of old-fashioned drama "A View From the Bridge" is unmissable.

The hits of the Edinburgh Festival are still coming south, and at Riverside oow there's the chance to catch up with Lindsay Anderson's lyrical revival of "Playboy of the Western World." Though it may lack the inventive joy of Mustapha Matura's reworking of that same text earlier this year, for "Playboy of the West Indies," this production does a good deal to get the play away from jonal old-irish overacting and back toward its roots in the "reality and joy" demanded by Sygne.

Frank Grimes, bringing to this country a performance already acclaimed in the United States, plays Christy "romancing through a romping lifetime to the dawning of the Judgment Day" with just the right air of cocky innocence turning to cynicism when he discovers that he is only loved for his own lies about a father murdered. Carolyn Pickles as Pegeen Mike somehow fails to give the play's closing line its awful, haunting power, but Nicola McAuliffe is a memorable Widow Quinn. The production now has a confidence that was totally lacking in this year's earlier productions of "Serjeant Musgrave" and "The Biko Inquest" by the same New United British Artists company.

And from an Ireland of the misty past to the Ireland of the awful present: Ron Hutchinson's "Rat in the Skull," launching a new Irish drama at the Royal Court, is a blackly funny dialogue for three coppers and a suspected Irish Republican Army terrorist in a London police station. Two of the coppers are Londoners, and they have painstakingly built up a very good case against their suspect, when it is totally destroyed by the third, a detective-inspector on loan from the Royal Ulster Constabulary, who during the interrogation decides to take a walking tour in hobnail boots all over his fellow countryman's face.

Hutchinson's play, although at first reminiscent of John Hopkins' "This Story of Yours," soon develops into a clenched debate about the nature of the present Irish trou-

bles that has more to say than any of those taking place at present in the political arena. One of its central points is that though two Northern Irishmen may be on opposite ends of an Royal Ulster Constabulary truck, they are yet closer to each other than any Englishman: Religious differences still take second place to national differences, even in Ulster.

A two-hour no-interval evening played on a bare gray stage, "Rat in the Skull" is dependent almost entirely on the strength of Hutchinson's distillations against the indifference of the English in a fundamentally Irish situation. But by locating the debate in Paddington Green, and by showing us an incident in which career ambitions and domestic tragedies can overtake what began as a difference of politics and religion, the play performs a useful service. A drama critic is sometimes asked why the present Irish troubles have thrown up no O'Casey, no Behan. Whatever happened to the playboy in Belfast itself?

Hutchinson provides us some of the answers and a lot more questions. In the battle between the RUC man (Brian Cox) and his IRA suspect (Colin Conway) we get to overhear a lot about the way the police look after their own, and a lot more about the way that nobody much wants to look after Ireland anymore. Max Stafford-Clark admirably directs a tragedy-comedy of bleak, intelligent despair in which the psychiatrists have taken over from Sygne's bar-brawlers as the true voice of a nation in chaos.

Master Forger's Works Are Sold for High Prices

The Associated Press
LONDON — Two burood paintings and sketches by Tom Keating, best known for faking the works of others, sold Monday for 10 times their predicted value at Christie's auction house.

Keating's works fetched £274,610 pounds (\$357,000). Keating, who died in February, was an art restorer who emerged from obscurity in the 1970s by duping art dealers with forgeries. Many of the works sold Monday were signed by him but were in the style of painters such as Van Gogh, Renoir, Monet and Rembrandt.

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Manuscripts Sent to Iceland

COPENHAGEN — Denmark this month completed the transfer to Iceland of more than half of the approximately 1,300 early manuscripts, including the renowned Icelandic sagas, it has held since 1730.

After a protracted dispute, a 1965 treaty between the Danish and Icelandic governments was ratified in 1971, calling for the transfer of the manuscripts from Copenhagen to Reykjavik by 1990. The first consignment of manuscripts,

dispatched in 1973, comprised works considered indispensable to the Icelandic heritage, such as a collection of mythological poems dating in written form from the 13th century, and the Flateyjarbok, a canon of prose sagas of the old Norwegian kings.

The restitution of the entire collection is expected to be completed on schedule within the next 12 years, according to Professor Jonna Louis-Jensen of the University of Copenhagen and leader of the project.

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INSIGHTS



A Shining Path, or Sendero Luminoso, guerrilla, imprisoned in Peru, studies the thoughts of Mao in his cell.

Peru's Rebels Operate by Their Own Rules

Shining Path: Brutal, Secretive and Imbued With a Near-Messianic Zeal

By Marlies Simons

New York Times Service

LIMA — They burn dynamite, occupy villages, recruit the poor and indoctrinate the young. To some, they are disciplined idealists, full of soaring promises of a better world. To others, they are fanatical executioners.

It seems a familiar story about leftist rebels, this time set in the Peruvian Andes, among the Quechua Indians. But the Shining Path, or Sendero Luminoso, guerrillas, against whom Peru's government recently ordered a large-scale military drive, go by an entirely different set of rules.

Claiming to be the only vanguard of world revolution, they hold Havana, Moscow and Beijing in contempt and appear to admire only the radical Gang of Four that tried to seize power after the death of Mao in 1976.

They have baffled South America's liberals and leftists, who usually sympathize with revolutionaries. Among Peruvian politicians, both the far left represented in the parliament and the Marxist mayor of Lima have disowned them. So has China's Foreign Ministry.

Large-scale killing appears to take place on both sides of the Peruvian conflict. In August, several mass graves were found and the bodies they held were apparently those of the victims of military repression against Sendero Shining Path guerrillas. Late in the month, when the army commander in charge of the drive suggested a more political approach to the problem, he was dismissed.

For a long time, little was known about the guerrillas except that they frequently executed perceived enemies. Their numbers, organization and ideology remained much of a mystery. They showed no interest in publicizing themselves in the press; Abimael Guzman, their founder and leader, has not been seen by outsiders for six years.

But a recent visit to a men's and a women's prison provided some of the first interviews with middle-ranking leaders of the group, offering some direct insight into their nature and philosophy.

According to officials, Peru is holding 855 people on charges of terrorism, of whom 260 are in Lurigancho, the nation's largest prison. The bleak compound sits on a mean, brown strip of windy desert just outside Lima. Compared with the other, rowdy cellhalls, where guards said they could not guarantee a visitor's safety, the separate "political" wing seemed a model of silence and work.

Such special quarters for political inmates are not unusual in Peruvian prisons, where the prison authorities provide almost no food, clothing or library services. Such things as food, bedding, reading materials and the like are provided by relatives. The inmates are left much in their own devices in their quarters and are free to decorate the walls with political banners and stock their libraries with leftist political literature.

Amid broken windows, swarms of flies and the stench of an open sewer, the guerrilla prisoners — young and middle-aged men with Indian features — were writing, weaving or reading books from their own small libraries.

Frayed volumes had been stitched with cotton thread: texts of Mao and Lenin, a Bible, poetry from Spain, the writings of José Carlos Mariátegui, the Peruvian who wrote half a century ago that "Marxism-Leninism will open the shining path to revolution" and thus provided the group with its name.

Several young men who appeared to be leaders said that 134 members of Shining Path were in the prison. But they wanted to talk only of prison conditions. They cited untire, lack of food, 10 men with tuberculosis, four with hepatitis and general anemia.

No real names would be given, the spokesmen said. They were farmers, miners, students and teachers from all over Peru. Some had spent more than three years in jail, they said, and few had been sentenced.

"We are thousands," one of the young men said simply.

Government estimates have put the strength of the guerrillas, who have incorporated about six other small leftist factions, at 2,000 to 7,000 militants. But there are no reliable estimates for collaborators.

They are believed to be poor Indians, students, people in the vast Lima slums. Many are thought to lead normal working lives, acting as guerrillas only for the duration of an operation.

Others, Roman Catholic Church sources say, are believed to be lay preachers. Slowly the prisoners switched to their political message, showing some of the near-Messianic zeal that has prompted some Peruvians to describe Shining Path members as "the fundamentalists of the armed left."

Taking turns, the young spokesmen said that their group was fighting to enter a "new historical stage of Marxism" because "everywhere, in other revolutions, revisionists have seized power only to dominate the people."

Their leader, Mr. Guzman, is known as the Fourth Sword of Marxism, they said, because he is following the true path of the three others: Marx, Lenin and Mao.

Peru, the spokesmen said, is now the world center of this revolutionary stage and Shining Path is its "beacon and guide." But when the new era comes, a young man named Oscar added, "there will be a joint intervention against us by the Soviets and the North Americans because they will find true communism intolerable."

They spoke with more vehemence of the "social imperialism" of Moscow than of "Yankee imperialism" and said they favored the cause of the rebels in Afghanistan.

MAO'S China had been chosen as their model because of its similarities with Peru. "We are also a semi-feudal and semi-colonial society," Oscar said, with illiterate peasants "abused by a minority for centuries."

Strategy in some ways was similar to that of the Chinese revolution. "In a military offensive that may take 20 years," Oscar said, "the peasants will surround and cut off the cities and finally take them."

A "Popular Republic of the New Democracy," the prisoners declared, has already been established in "liberated zones" in the Andes. Large writing on the prison walls proclaimed Mr. Guzman, known by his nom de guerre of Gonzalo, to be its president.

In the "guiding thoughts of President Gonzalo," sheets of fine calligraphy displayed on red tissue paper and framed with gold on a large board, appeared the only bright spot amid the squalor.

Gonzalo's pronouncements usually come in easy phrases and aphorisms, much like those of Mao. "The Great Break has come," one read, "the Rebellion is justified."

It was 1963 when Mr. Guzman, a philosophy teacher, arrived with a group of teachers and students in Ayacucho, an old and quiet Andean town a 30-hour bus ride from Lima. University students were apparently mesmerized by this man who wrote his thesis on the "Theory of Space in Kant," who was first a pro-Moscow communist and who, like many Peruvian leftists, sided with China after the Chinese-Soviet split.

"He was vehement, lucid, intense when he had an audience," said one of Mr. Guzman's former students. "Outside class he was withdrawn and very secretive." The extreme secrecy and the schematic nature of Shining Path, some believe, may be linked in these traits of Mr. Guzman.

In the isolation of Ayacucho, in 1970, Mr. Guzman and a group of teachers and students formed the Communist Party of Peru, which became known as the Shining Path.

They spent the next 10 years laying the groundwork for guerrilla warfare, using research projects to study peasant life and recruit members in the outlying Quechua Indian communities, the poorest and most neglected part of Peru. At the same time, according to an intelligence source, they infiltrated the police, the

military and public utility companies in the cities.

"Many people wanted action; they were tired of the endless hairsplitting of the left," an Ayacucho resident recalled.

The prisoners were asked why their war was launched in 1980, when Peru obtained an elected government after 12 years of military rule.

"To show the whole system is rotten," said a young man who called himself Carlos. "The government is irrelevant to most poor people, it's all the same, civilian or military."

Since then, the guerrillas have killed more than 100 policemen and many more villagers and minor officials and their acts of sabotage have caused losses of \$75 million.

If Mao said that an alliance of the peasantry, the proletariat and the middle classes was the way to make a revolution, why had Shining Path killed peasants, small-business men and minor officials in the villages and towns? There were reports of a massacre of about 70 people in the village of Lucanamarca last year.

THERE had been no massacres, only "government propaganda" to discredit their movement, a young man replied. Another prisoner added: "Some people have been executed, traitors, informers, exploiters of the people. This is a war."

The prisoners gave no direct answers to questions about the size of the organization, its financing or its reported tight cellular structure.

On occasion, there were glimpses of the Maoist style of self-sufficiency and insularity that reportedly inspired Shining Path. Unlike Central America's rebel groups, Shining Path appears not to depend on outside supplies or solidarity.

The movement needed little money, the prisoners said, because living off the land was an important part of their strategy. With the absolute faith that characterized most of their statements, a prisoner said, "Shortages will always be overcome if the path is right."

That path appears to include stealing and fabricating weapons. The police said the guerrillas have stolen 95 cases of dynamite so far this year and showed ingenuity in inventing weapons: they tossed dynamite sticks with llama-hair slings, a weapon of Indian herders, made bombs out of cans and turned fishing-line guns into mortars. Most of the confiscated firearms, the police have said, were stolen from the police and military.

In the Chorillos women's prison, conversations followed much the same lines. Of the 80 women held on charges of terrorism in Peru, six live in a large room, among babies and cans of powdered milk. In Peru's traditional society, many people have been shocked by the fact that women have not only joined the guerrillas but at times have reportedly led attacks.

Holding her baby, born in prison two months earlier, Liliam Torres, 23, said she had worked as a maid and a street vendor in Lima from the time she was 17.

She had been afraid at first "to join the party," she said, but became aware of her responsibility when she learned about the "class struggle" and the "offensive of world revolution" taking place in Peru.

"Now I am happier," she said. "I have stopped being a vegetable."

Another member of the group, Irene Aedo, said she was a peasant woman from Ayacucho, "desperate" about her six children abandoned back home. The "beliefs" of the other women, she said, "will not enter into my head."

The women did not have the militancy of the men, perhaps because they live in a much smaller group.

It was noon in Lurigancho Prison when the men prepared to eat the soup they had cooked. But first they conducted their revolutionary rites. Lining up along the walls, one of them in a wheelchair, the quiet group quickly turned into a fierce choir.

"The masses roar, the Andes shake," some 50 men shouted, clapping hands and raising fists. "Policemen, cannon fodder, the revolution will smash you."

Reagan's Foreign Policy Struggle

By Murray Marder

Washington Post Service

WASHINGTON — The 16 blocks of Pennsylvania Avenue between Capitol Hill and the White House are sometimes a pathway for cooperation, but more often a frontier between rival power centers. After three and a half years of the Reagan presidency, competition predominates across the spectrum of international policy.

In foreign affairs President Ronald Reagan portrays himself as a Gulliver tied down by Lilliputian constraints, at the same time claiming success in moving the United States to a strong position in world affairs.

Congress has been assertive in foreign policy for a decade, from the end of the Nixon years. This assertiveness has raised exceptional challenges, however, for the Reagan administration. There is a combination of inherent institutional rivalry and reaction to the president's determination to overturn much of the earlier pattern of foreign policy.

Mr. Reagan's opposition to all arms-control pacts negotiated by his predecessors, as well as his propensity to rely more heavily on the use or threat of military force, has struck great sensitivities in a legislature trained to checkmate presidential power. With Congress and the president approaching the task of government from these opposite directions, Congress is unusually wary of Mr. Reagan's intentions, particularly in nuclear arms control and in the use of U.S. troops overseas and in support of foreign wars.

As a consequence, Congress has gone to extraordinary lengths in its attempt to control administration foreign policy, by writing unusually explicit prohibitions, timetables and weapons schedules into legislation.

Congress moved from making human rights a condition for foreign aid, to setting tight limits on military advisers in El Salvador, in trying to cut off U.S. support for anti-communist guerrillas in Nicaragua. To induce productive negotiations on nuclear arms control, Congress — particularly the House of Representatives — has increasingly sought to put strings on development or production of new weapons systems, such as anti-satellite missiles, the sea-launched cruise missile and the MX missile.

Some of these conditions are new, including holding weapons systems hostage to evidence of the Reagan administration's sincerity in nuclear negotiations and evidence that the Soviet Union is unresponsive.

The current round of these efforts is imbedded in debate over defense authorization and appropriation bills. Inevitably, some form of compromise will emerge. The Reagan administration has shown great resourcefulness in extricating itself from the webs that Congress spins around it.

To some Washington veterans, therefore, the bottom line is that Mr. Reagan wins and Congress repeatedly shows itself to be a paper tiger of the administration's flanks. Frontal assault is not the congressional style. Beyond the question of who wins an encounter, however, the larger issue troubling many professionals caught up in the process is the cumulative cost to the nation.

Across the government, in both the legislative and executive branches, senior members express apprehension that the United States is steadily losing coherence and predictability in its foreign policy.

IN the United States, Mr. Reagan's domestic successes have dominated public interest in the legislative process, as administration strategists planned.

In the first two years of the Reagan presidency a coalition of Republicans and conservative Democrats in the House enabled the administration to ride over the nominal Democratic majority.

White House Legislative Strategy Group — with James A. Baker 3d, the White House chief of staff and other top Reagan advisers as members — gained authority over what it called "everything that moves" in the government. A presidential assistant, Richard G. Darman, who conceived the group and became its coordinator, has compared its functions to playing "a multi-dimensional chess game."

The game has changed considerably in the last two years. The 1982 election cost the administration its prized operational control of the House. Since then there has been a running battle for votes, especially in foreign affairs, with the administration plagued by internal policy splits among the highest officials in the State and Defense departments and the White House.

Now, as White House strategists plan for the second Reagan term they anticipate, an official noted a natural erosion of presidential power in every term. "We don't know the rate of erosion in a second term," he said. "The risk of making a mistake that would start the curve down is much greater in the second term."

This means, the official said, a president has to move fast, especially in foreign affairs, in the expected second-term "honeymoon" of six to nine months.

Although no one in the Reagan White House would say so in public, some senior staff members there do accept the activism of Congress as natural and enduring. To reject it, said one, "is running against the tide of history."

Congress likes to be fondled, but not played with," said Kenneth M. Duberstein, who left his post as chief lobbyist at the White House at the end of 1983 to become a vice president in Titanium and Co. Inc., a lobbying concern. An adviser in the Reagan re-election campaign, he displays no chagrin about the congressional outlook, only pragmatism.

A favorite word of the Congress in the last several years is "conditionality." Mr. Duberstein said, "For everything there are conditions now. What you read in the headlines is that Reagan won on X vote. What you don't read in the headlines, or watch on network news, are the conditions that Congress incorporated in the Reagan win."

If Reagan wins a second term, greater use is anticipated of bipartisan commissions to bridge otherwise insurmountable divisions with Congress, such as those on social security, Central America, the MX missile and nuclear strategy. Some members of Congress, however, foresee more roughhouse tactics on both sides.

THE administration has pursued a war in Nicaragua that the House three times has tried to cut off, a war the Democratic nominee, Walter F. Mondale, is pledged to end if he becomes president. The Reagan administration has shipped weapons abroad that Congress sought to block and made military dispositions that Congress tried to foreclose. It has tied Congress in knots over the Nicaraguan rebels, Stinger missiles, El Salvador, population control, military bases, multilateral aid and, notably, over whether the Soviet Union or the Reagan administration is responsible for the stalemate in nuclear arms control.

In the process, the United States has edged to the right in its overall foreign policy, including the economic and sociological sectors.

Mr. Reagan has said his administration is hobbled by some 150 restrictions imposed by Congress in the last 10 years on the president's power in international diplomacy. When Senator Robert J. Dole, Republican of Kansas, invoked that number in a radio debate with Senator Edward M. Keoedy, Democrat of Massachusetts, Mr. Dole cited it as 150 restrictions imposed by "liberals" in Congress.

However, many Democrats and Republicans in Congress agree that the pendulum has swung too far: Congress is institutionally stunted in duplicative attempts to examine, check, review and direct U.S. actions abroad.

Both Democrats and Republicans sympathize with the complaint voiced by Presidents Jimmy Carter, Gerald R. Ford and Richard M. Nixon since the early 1970s and recently by Mr. Reagan, who said, "I just don't think that a committee of 335 individuals, no matter how well-intentioned," can conduct the nation's foreign policy.

Consider this: "I think one of the most grievous inadequacies of our present system is that the president of the United States, who has to conduct foreign policy, is left castrated in terms of . . . crucial foreign aid and military assistance. I could give you a hundred examples. It took us a year to get the little help we got in Nicaragua. . . . For crying out loud," let a president govern."

The speaker? Not Mr. Reagan in 1984. It was Mr. Mondale, in the final hours of his vice presidency in January 1981.

Mr. Mondale is unlikely to duplicate that "give-the-president-a-break" theme now. Protesting constraints on the presidency is the lament of incumbents, not challengers. Many other Democrats, however, concede the need in case up on presidential encroachments.

The most contentious curb on the presidency is the 1973 War Powers Resolution. A liberal Republican, former Senator Jacob K. Javits of New York, was its prime designer. The current chairman of the House Foreign Affairs Committee, Representative Dante B. Fascell, Democrat of Florida, recalls that he introduced the resolution in the House, but since then, he said, "I think we put too many bandages on the president."

However, the current administration, Mr. Fascell said, must recognize that "Congress is going to be more and more involved, outless" in foreign policy, and the administration cannot "run over it." For Congress, he said, unquestionably reflects persistent public concern about the Reagan administration's confrontation with the Soviet Union and what is seen as "dragging the United States into every corner of the world."

Mr. Fascell conceded that the administration frequently outflanks the liberals on its committee and on the Senate Foreign Relations Committee, headed by Charles H. Percy, Republican of Illinois, with resolutions for foreign aid, hurried through the Senate and House appropriations committees. What is lost, Mr. Fascell said, is the work of knowledgeable members that knits policy strands into a coherent pattern.

ANY members feel driven to try to force through broad policy on their own. Senator Sam Nunn, Democrat of Georgia, unsuccessfully tried to compel West European nations to increase defense spending by legislation threatening to cut U.S. troop levels. But, Mr. Nunn said, the more we micromanage, the less we have to do with the overall direction, the less time we have to set the agenda.

The dilemma expressed on Capitol Hill is that when Congress lays out policy in generalities, the executive branch does not run around it; when Congress tries to tell the executive precisely what to do, it is vulnerable to the "micro-management" accusation.

Despite administration complaints that it is being throttled by Congress, some specialists are most struck by the inability of Congress to put effective fetters on Mr. Reagan's presidency.

"The most remarkable political story of the first eight months of 1983," wrote L.M. Desler in the Washington Quarterly early this year, was that the administration "managed to win continued support, from a more liberal Congress, for foreign and national security policies

disturbed by the public and significantly to the right of most expert and congressional opinion."

"Presidents don't lose national security issues," said Representative Lee H. Hamilton, Democrat of Indiana, chairman of the House Foreign Affairs subcommittee on Europe and the Middle East. "If the president wants to go to bat on any specific issue, he will win it."

At best, Mr. Hamilton said, Congress can only make an administration slow down and think. Sometimes, he conceded, "we overreach" in details.

For generations Congress was ruled by a few leaders who bargained with the executive and could deliver the votes. In the 1970s, supremacy-by-seniority was shattered by sweeping changes in committee control, while mushrooming staffs brought in specialists often able to challenge witnesses from the executive branch with equal expertise. The greenest freshman in Congress now may be bold enough to take on the secretary of state or defense on Nicaragua or El Salvador.

Economics has rubbed out clear dividing lines between foreign and domestic policy. The farmer in Kansas, the auto worker in Michigan, insists that the Agriculture, State, Commerce, Labor, Treasury and other departments should fulfill constituents' pocketbook interests in the world market.

In a study by the American Enterprise Institute last year called "Both Ends of the Avenue," Norman J. Ornstein noted "a striking expansion in the number, range and activity of interest groups" trying to influence Congress, along with a sharp rise in press interest.

Henry A. Kissinger, in his memoirs on eight years as national security adviser and secretary of state in the Nixon administration and secretary of state in the Ford administration, saw a deeper transformation.

"The liberal Establishment, which throughout the century had extolled the importance of a strong executive, had reversed itself and had pressed on the Congress its obligation to control tightly an alleged power-mad and war-obsessed administration," he wrote.

"That the Congress should play a major role in the conduct of foreign policy was beyond argument," he asserted. "But in the Seventies passion overwhelmed analysis. . . . Congress can and ought to scrutinize the consequences of diplomacy. It cannot carry it out."

Not all in Congress agree that Congress should play a major role in foreign policy. Senator John G. Tower, Republican of Texas, chairman of the Senate Armed Services Committee and also of the Senate Republican Policy Committee, wrote in the Journal Foreign Affairs two years ago that ever since Congress rejected President Woodrow Wilson's World War I Versailles Treaty, congressional intrusion in foreign affairs has been a "disaster."

Mr. Tower said that Congress, by limiting the president's authority to send troops into combat zones by the War Powers Resolution, when emotions were at a peak over the Vietnam War and President Nixon's Watergate excesses, imposed on future presidents "a cure for a non-existent disease."

The chairman of the House Republican Policy Committee, Representative Dick Cheney, Republican of Wyoming, who was a chief of staff for President Ford, said, "My view is that there is far too little trust in the president by the Congress. We elect them; we should allow them to function."

There is a vast spread in congressional outlook. While conceding that the War Powers Resolution might be refined and improved, the Senate majority leader, Howard H. Baker Jr., Republican of Tennessee, said in October in tribute to Mr. Javits: "If there is any one date when this 'modern' era began, it is the day in 1973 when Congress passed the War Powers Resolution and reclaimed its proper constitutional role as a full partner with the president in the field of foreign policy."

Representative John Edwards, Democrat of California, says that is a myth. With 60 other House members, he asked in early August for stricter limits on the president, whom he asserts is virtually licensed to take the country to war on his own.

It's Okinawa, It's Japanese, But It's a Town in Bolivia

By Peter McFarren

The Associated Press

OKINAWA, Bolivia — Tokusho Miyagi fought the Russians and Americans in World War II and spent 24 years as a war prisoner in a Siberian coal mine. Now he oversees a 430-acre farm on Bolivia's tropical frontier, half a world away from his Okinawa homeland.

Mr. Miyagi, 63, is one of more than a million Japanese who settled in South America after the war and have become important contributors to the country's agricultural and economic development.

He lives with his family in a comfortable concrete bungalow in a town that is three hours by car from Santa Cruz, Bolivia's second largest city. Beside his home there is a garden filled with Chinese cabbage, a windmill atop a water tank and tractor sheds. "I have no desire to return to Japan," he said recently. "But I still consider myself Japanese."

"I was a prisoner of war in Siberia, and after I returned to Okinawa there was no work," he said. With his son's help, he grows soy, sorghum, wheat and rice. "In Okinawa, 300 families would have what I have here," he said.

AFTER the war, one million Japanese came to South America with relocation expenses and loans from the Japanese and U.S. governments. Most settled in Brazil, while 80,000 went to Peru, 30,000 to Argentina and 10,000 to Bolivia. The settlers in Okinawa introduced rice harvesting, chicken farming and modern agricultural techniques to the area. Okinawa and neighboring San Juan de Yapacani now produce half of Bolivia's poultry and eggs.

Modern tractors, bought on credit from Tokyo, plow the community's 45,000 acres (18,000 hectares) of arable land, which this year produced 97,000 tons of rice, wheat, soy and sugar cane, and 550,000 dozen eggs. A cooperative of Japanese settlers is in charge of marketing the goods.

Once isolated from Santa Cruz by swampy terrain, Okinawa is now linked by a dirt road maintained by the Japanese International Cooperation Assistance program. Two modern hospitals built with Japanese government aid serve the area's 1,600 Japanese and 4,000 Bolivians.

The first few hundred Japanese arrived in Bolivia as far back as 1899 to escape harsh living conditions on the Peruvian plantations to which they had migrated. When the postwar exodus began, the earlier immigrants helped the new arrivals settle.

In 1954 Mr. Miyagi, his wife and five children joined 400 other Okinawans on their way to Bolivia. They were among the pioneer settlers of Okinawa, a rough rain forest once inhabited by native tribes, pumas, wild pigs and alligators. The Bolivian government gave each family 50 hectares of land. The United States provided tractors and other farm equipment.

SETTLING the land proved harder than some could endure. In the first six months, 15 Japanese died in a mysterious epidemic. Many fled to Brazil and Peru, or returned to Japan. Flooding destroyed their first three rice harvests and drought killed cotton planted later.

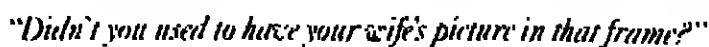
Kod Yamashiro, former president of the Bolivian Japanese Association, which is at the center of Okinawa's social and political life now, reflected on the country he left behind and a recent visit there. "I saw what life in Japan was really like," he said. "The people are very busy and have no time for pleasure. One has to work hard to maintain a family. I'm content here. At first it was hard, but now I'm used to life in Bolivia."

Most children of the first postwar immigrants consider themselves Bolivian, but maintain close ties with Japan. Kyomi Nakazo, 26, arrived as a toddler in 1959 during a second wave of immigration. She now works as a nurse at the Okinawa hospital and has married a Japanese she met last year while studying in Japan.

"Japan is another world," she said. "I liked it very much. There is more comfort in Japan. But spiritually, I prefer to be here."



Members of the Shining Path movement hold a political meeting in their wing of a Peruvian prison.

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BUSINESS ROUNDUP

British Aerospace Profit Rose 54% in First Half

Reuters
LONDON — British Aerospace PLC reported Tuesday a 54-percent rise in first-half pretax profit to £56.3 million (\$71.6 million). It said it was confident of maintaining strong growth for the rest of this year, given a continuation of present market conditions.

Pharmacia to Set Up U.S. Development Unit

Reuters
STOCKHOLM — Pharmacia AB said Tuesday that it plans to establish a development company in the United States that will acquire stakes in small high-technology companies and enter cooperation agreements in the same area.

modest but important upturn in the civil-aviation market, particularly for smaller planes with up to 100 seats.

British Aerospace said there was continued worldwide airline interest in its new BAe 146 short-haul jetliner after initial sales in California and Australia.

Its Jetstream 31 commuter aircraft was selling well, with the production rate rising, while a new business jet, the BAe 125-800, has received British and U.S. certification and 21 orders.

The Tornado fighter program is attracting considerable overseas interest, the company added. Also, talks to establish a program for a European fighter aircraft are continuing with European governments and industrial partners.

The new Hawk single-seater strike aircraft is due for its first flight in 1986.

Belgian Interest Rates Cut

Reuters
BRUSSELS — The Belgian central bank said Tuesday that it cut interest rates on one-, two- and three-month treasury certificates to 11.25 percent from 11.30 percent, effective immediately. Interest rates were last changed Sept. 4, when they were cut from 11.45 percent.

2 French Makers Of Vaccines Agree to Merge

United Press International

PARIS — Two of France's biggest pharmaceutical companies have agreed to merge to become the world's second-biggest producer of vaccines, the companies said Tuesday.

Institut Pasteur Production agreed to "join interests" with Institut Mérieux to produce sera, vaccines and diagnostic products. The largest is the American company Merck.

Pasteur is 51-percent owned by the Sanofi group and 49-percent owned by the Pasteur Institute of Research. It will continue, under the agreement, to provide research on new products as well as production of diagnostic products for use in pregnancy and disease-detection tests.

Mérieux, 51-percent owned by the chemicals conglomerate Rhône-Poulenc SA, will continue to take the lead in making and marketing sera and vaccines.

Mérieux, with twice the revenue of Pasteur at 800 million francs (\$87 million) a year, will allow the Pasteur staff "freedom of research," Rhône-Poulenc said in a prepared statement. The move would give France a stronger role in the growing market for vaccines.

Trafalgar House Sells 7.08% Stake In P&O to Sterling Guarantee Trust

By Lynne Curry
International Herald Tribune

LONDON — Trafalgar House PLC said Tuesday that it had sold its 7.08-percent stake in Peninsular & Oriental Steam Navigation Co. for just over £30 million (\$38 million) to Sterling Guarantee Trust Ltd.

Trafalgar House, the British shipping and construction company, held 10.1 million shares of P&O and sold the shares for 307 pence apiece.

In response to the transaction, P&O shares fell to close at 296 pence from 305 pence at the opening of the London Stock Exchange. Trafalgar's shares rose to close at 274 pence from the opening price of 267 pence.

P&O's share price fell because the transaction removed the uncertainty that there might be a high bid for the company, while Trafalgar made a £13.5-million profit on the transaction, said Richard Hannah, an analyst at the stockbrokerage Phillips & Drew.

including the acquisition of Britain's Scott Lithgow shipyard.

Trafalgar said it had invited P&O to hold talks on cargo and passenger shipping collaboration between the two companies. Although no agenda has been set, Trafalgar said discussions between the two could lead to a possible integration of some of their shipping operations to save costs in areas like maintenance.

Jeffrey Sterling, chairman of both Sterling Guarantee and P&O, said he was "positively inclined" toward such discussions, but wanted to allow "the dust to settle" before holding the talks between P&O and Trafalgar.

Trafalgar has been free to pursue its bid for P&O since midyear when the Monopolies and Mergers Commission ruled that the merger was not against public interest and could proceed.

Trafalgar originally attempted to buy the shares when P&O was valued at about £300 million and offered 110 to 150 pence a share. P&O is now valued at about £420 million. Analysts said P&O's assets were undervalued and the attraction at that time was P&O's cruise-ship operation and its construction and property interests.

group's cargo ships, its property and oil interests, and reducing the company's debt, according to Mr. Hannah.

Sterling Guarantee holds about 15 percent of P&O, a stake valued at about £64 million. Sterling Guarantee was formerly known as Town & City Properties PLC.

Analysts said there was speculation that P&O may attempt to take over Sterling Guarantee by doing a share swap and offering cash.

Malaysia to Set Commodities Fine

Reuters

KUALA LUMPUR, Malaysia — Malaysia will make it an offense for anyone to "manipulate or corner" the palm-oil or rubber futures markets on the Kuala Lumpur Commodity Exchange, the minister for primary industries, Paul Leong, said Tuesday.

Amendments will be made soon to the Commodities Trading Act of 1980, he said. "The amendments will make manipulation or cornering an offense, and any person so convicted will be liable to a fine not exceeding 100,000 ringgit (\$42,100), or to a term of imprisonment not exceeding five years, or to both," Mr. Leong said at a press conference.

TRANSPACIFIC FUND

Société Anonyme
14, rue Aldringen - Luxembourg
Registered office: Section B 8576

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The quorum required by law not having been reached at the first Extraordinary General Meeting of Shareholders held on July 31st, 1984, the shareholders are invited to attend a

SECOND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

to be held on September 27th, 1984 at 11.00 o'clock at the registered office of the Fund 14, rue Aldringen, Luxembourg with the following agenda:

1. Modification of the statutes to put them in agreement with the law of August 25th 1983, including, but without limitation, the following points:
 - Article 3 — Cancellation in this article of all references to the law of July 31st 1929 and to make reference in this text to the law of August 25th 1983 concerning mutual funds.
 - Article 6 — 2nd paragraph. The following text should be added to this article "the subscription price for the shares is to be paid in favor of the company within seven working days as of the date of calculation of the applied intrinsic value".
 - Article 16 — Modification of the rate of the repurchase charge to be set at a maximum of 1%.
 - Article 18 — 1st paragraph. To add to this article the following text: "Proceeds of shares redeemed will be paid within seven working days as of the date of calculation of the applied intrinsic value or seven working days after receipt of certificates of shares repurchased".
 - Article 24 — Cancellation in this article of all references to the law of July 31st 1929.
2. Modification of article 18 to indicate that the net asset value per share of the company will be determined, by the company, at the closing of offices in Luxembourg the third open day of the week.
3. Modification of article 21 - 2nd paragraph, should read as follows: "Dividend distribution will be decided upon by the shareholders at their ordinary meeting".

Transpac Fund

4. Renewal of the authorization to increase shareholder's capital for a new period of five years within the limits of authorized capital.

The shareholders are hereby informed that this second Extraordinary Meeting of shareholders shall validly vote on the points of the agenda no matter what portion the share capital of the Corporation will be present or represented.

In accordance with Luxembourg law, resolutions will be subject to a majority of 2/3 of the shares represented at the meeting, provided however, that at this second meeting, shares not represented will (in a number not exceeding 1/3 of the total number of the outstanding shares) be deemed to vote for the resolutions proposed above, and provided further that in such latter case the resolutions must be voted by the majority of the shares represented at the meeting.

To attend the Extraordinary General Meeting of Shareholders of 27th September 1984, owners of registered shares should have their names recorded in the company's register of shareholders five working days prior to the Meeting and owners of bearer shares deposit their shares at least five working days prior to the Meeting with one of the following banks:

Banque de Neufville, Schlumberger, Mallet, 3, avenue Roche, Paris 8e
Algemene Bank Nederland N.V., 32 Vijzelstraat, Amsterdam
Bank Mees & Hope N.V., 548 Herengracht, Amsterdam
Banque Générale de Luxembourg S.A., 14, rue Aldringen, Luxembourg
Société Bancaire Barclays (Suisse) S.A., 2, boulevard du Théâtre, Genève

THE BOARD OF DIRECTORS

IBM-Apple Rivalry Is Expected to Heat Up

By Eric N. Berg
New York Times Service

NEW YORK — International Business Machines Corp. and Apple Computer Inc. have announced major improvements for their personal computers. Industry analysts said the improvements would heighten the competition between the two companies in the low-cost, desktop computer market.

"Anytime these two companies change their personal computers, particularly in graphics, you see the competition pick up," said Sanford J. Garrett, a technology analyst at Paine Webber Inc.

IBM's introductions included two graphics screens for its Personal Computer, along with circuit boards to control the screens.

Although the more advanced screen and board will together cost \$4,000 — more than an entire PC — IBM, based in Armonk, New York, said the new equipment would enable engineers and other scientists to do detailed graphics in vivid colors.

Apple, based in Cupertino, California, introduced a version of its Macintosh personal computer that, with a suggested retail price of \$3,195, will feature 512 kilobytes of internal memory — four times the 128-kilobyte memory on the existing Macintosh. A byte is the smallest addressable unit of data storage in a computer. A kilobyte is 1,000 bytes.

Apple also said it was cutting the price on the existing machine to \$2,195, from \$2,495, and would begin selling a \$995 kit to enable current Macintosh owners to upgrade their machines to 512 kilobytes of memory.

Apple had been expected to introduce an enhanced version of Macintosh this January, but the company said it accelerated its timetable when it was able to secure a large number of 256-kilobyte memory chips from Japan.

Apple said its new products would be available immediately. IBM's equipment will begin to be sold at various times this autumn.

Although Apple and IBM have succeeded in different markets with their personal computers — Apple has sold mostly to homes, schools and technical personnel, while IBM controls the business market — Monday's announcements seemed to show that both corporations are now trying to woo the other's customers.

Now that Macintosh's memory has been quadrupled, analysts said, a number of new business programs, including one by Lotus Development Corp., will be written for it. They also noted that the machine's word-processing capabilities had been increased.

Macintosh is already a bit among scientists and other technical people, who like the machine's advanced graphics. With the new refinements, the Macintosh may get a fresh look from corporate buyers of computers.

"It definitely makes me more interested in the machine, and I suspect others would feel the same," said Russell S. Hensel, manager of personal computing at Arthur D. Little Inc., a Boston-based consulting company.

COMPANY NOTES

British Land PLC's subsidiary, British Land Co. (Holdings) Australia Ltd., has sold its 34.5-percent stake in Postland Property Trust to the remaining co-owners for more than 16 million Australian dollars (\$13 million). The co-owners are the Australian Post Office Staff Superannuation Fund and Cra Ltd.'s Staff Provident Fund.

Cadbury Schweppes PLC planned to complete in New York on Tuesday an offering of 60 million ordinary shares at \$17 per American Depositary Receipt, with each ADR representing 10 shares.

Eastern Airlines will offer an unrestricted \$99 one-way fare between the three New York metropolitan airports and five Florida cities beginning Wednesday on midweek days, Monday through Thursday. Fares will last through Dec. 13.

Fried Krupp GmbH said its Krupp Industrietechnik GmbH and Krupp Stahltechnik GmbH subsidiaries won a contract from Nisbo Iwai Corp. of Japan to supply a continuous casting plant for high-grade steel bloom to the Aichi

Steel Works in Nagoya. The value of the contract was not revealed.

John Fairfax Ltd., a media group, said it will raise 96 million Australian dollars (\$79 million) to strengthen its capital base by a rights issue of 24 million 30-cent nominal cumulative participating preference shares at 4 dollars each.

Laporte Industries (Holdings) PLC, a British chemical maker, has acquired two foreign electronic-supply companies for a total of £2.34 million (\$2.98 million). The companies are Exsil Inc., a U.S. company specializing in reprocessing silicon wafers, and a French company, Soprelec SA, a producer of specialized electronics chemicals and equipment.

Nabisco Brands Inc. has agreed to pay \$60 million in cash for a 20 percent interest in the cable sports network ESPN, the network's parent, ABC Video Enterprises Inc., said. Don Ohlmeyer and John Martin, chairman and president, respectively, of Ohlmeyer Communications Cos., will represent Nabisco on the ESPN board of directors, ABC Video Enterprises,

a subsidiary of American Broadcasting Cos., said.

Nutri-System Inc., which operates more than 700 weight-loss centers in the United States and executive placement offices in three countries, is to be purchased by an investor group for about \$87 million if the company closes its money-losing Gloria Marshall figure salons, company officials said.

Sime Darby Bhd. said it has agreed on the proposed merger of its subsidiary, United Malaysian Insurance Co. UMI and East West Insurance Bhd., subject to approval of the relevant authorities. The enlarged company, expected to produce a premium income in excess of 70 million ringgit (\$30 million), would be one of the largest insurance companies in Malaysia.

Soo Line Railroad's \$570.6-million bid for the financially troubled Milwaukee Road won unanimous recommendation for approval from the Interstate Commerce Commission. The ICC's recommendation goes to a federal court in Chicago overseeing the Milwaukee Road's reorganization.

VEBA
Strengthened Financial Resources

Germany's VEBA Group achieved substantially improved overall results during financial year 1983. This was largely the outcome of positive developments in petroleum and chemicals — formerly problem sectors — as well as a further growth of earnings in electricity and

which were financed entirely from internal sources, grew by DM 200 million to approximately DM 2.9 billion.

This positive trend has continued into the current financial year. Electrical power generation and supply, which grew by 12.6% during the first six months of 1984, remains the Group's most important sector.

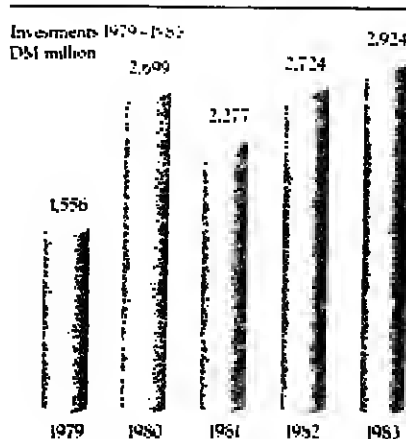
PREUSSENELEKTRA's share of nuclear power rose from approximately 40% in 1983 to more than 54% this year. This has made it possible to maintain stable prices during 1984. Overall results for the electricity sector are expected to rise again during the current year.

The petroleum sector has managed to significantly reduce both risks and

The trading and transportation activities of the VEBA Group, STINNES and RAAB KARCHER, have had good and stable results for a number of years — a situation which should continue into 1984 as well.

Thanks to successes in all sectors of the organization, overall sales of the VEBA Group increased by more than 5% to approximately DM 25 billion during the first six months of 1984. The Group's net income improved from DM 149 million during the first half of 1983 to DM 221 million during the same period of 1984. Assuming that the overall business upturn continues, it is likely that the Group's performance will improve in 1984 as a whole, which could result in a higher dividend.

trading. The resulting financial resources have made it possible to strengthen and restructure the organization. Although Group outside sales declined somewhat to approximately DM 49 billion, net profit increased by DM 33 million, reaching DM 372 million. The Group's improved earning power is reflected in the figure for earnings per share, which rose from DM 9.20 in 1982 to DM 13.50 in 1983. Investments,



VEBA in the First Six Months of 1984 ¹⁾			
Group outside sales	(DM million)	24,886	(+ 5.3%)
Production	(DM million)	15,429	(+ 7.4%)
Services	(DM million)	9,457	(+ 2.1%)
Electricity output	(million kWh)	33,621	(+ 12.6%)
Natural gas production	(million kWh)	2,007	(- 1.4%)
Crude oil production	(1,000 tons)	855	(- 4.3%)
Crude oil processed	(1,000 tons)	3,464	(+ 7.6%)
Group net income	(DM million)	221	(+ 48.3%)
Capital expenditure	(DM million)	848	(- 17.3%)
Total staff (as of June 30, 1984) ²⁾		76,036	(- 1.5%)

¹⁾ preliminary ²⁾ compared with December 31, 1983

losses. During the first half of the year, VEBA OEL achieved on balance positive results. This sector is expected to report a further improvement for the whole of 1984.

In chemicals, the continuing business upturn has resulted in greater utilization of production capacity and led to 11.4% higher sales. The results for 1984 are anticipated to improve substantially over 1983 and dividend payments are expected to be resumed.

To find out more about VEBA, its operations and performance, please get in touch with VEBA AG, Karl-Arnold-Platz 3, D-4000 Düsseldorf 30, West Germany.

VEBA
Energy is our business

هذا من الأناصل

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 10)

12 Month High	Low	Stock	Div.	Yld. PE	52 Wk High	Low	Close	Chg
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4

12 Month High	Low	Stock	Div.	Yld. PE	52 Wk High	Low	Close	Chg
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22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4

To Our Readers

Floating Rates Notes are not available in this edition because of computer problems.

12 Month High	Low	Stock	Div.	Yld. PE	52 Wk High	Low	Close	Chg
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4

OIL & MONEY: STRATEGIES FOR THE EIGHTIES.

London, October 18-19, 1984

The fifth annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties" will be held in London, October 18-19, 1984.

The conference is a major annual event in international energy and finance circles attended by senior executives worldwide.

For registration information, please contact Susan Lubomirski, Conference Manager, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France, or telephone (33.1) 747.16.86 or telex 612 832F.

EMPRESA NACIONAL DE ELECTRICIDAD S.A.

ENDESA

REPUBLIC OF CHILE

"NORTE GRANDE" INTERCONNECTED POWER SYSTEM INTERNATIONAL PREQUALIFICATION

Empresa Nacional de Electricidad S.A., ENDESA, intends to invite to tenders by the end of 1984 for the execution of the works comprehended in the "Norte Grande" interconnected power system.

"Norte Grande" is the name that has been traditionally given to the zone covering regions I y II of the Republic of Chile.

WORKS OF THE POWER SYSTEM

The "Norte Grande" interconnected power system (abbreviated "SING") project, whose construction will permit to interconnect the electric systems owned by Empresa Eléctrica del Norte Grande S.A. (EDELNOR) and Corporación Nacional del Cobre de Chile (CODELCO), covers the execution of the following works:

- 220-kV single-circuit Cruceiro-Pozo Almonte and Cruceiro-Mejillones transmission lines. Construction of 243 and 155 Km respectively.
- 110-kV single-circuit Mejillones - Antofagasta and Iquique - Pozo Almonte transmission lines. Construction of 65 and 41 Km respectively.
- 66-kV single-circuit Arica-Pozo Almonte transmission line, 216 Km. Transformation into a 110-kV line.
- Arica substation. Construction of 110-kV switchyard and expansion of existing 66-kV switchyard.
- Iquique substation. Expansion of existing 66-kV switchyard.
- Pozo Almonte substation. Construction of 220- and 110-kV switchyards and expansion of existing 66-kV switchyard.
- Cruceiro Substation. Construction of a 220-kV switchyard.
- Mejillones Substation. Construction of a 220- and 110-kV switchyards.
- Antofagasta Substation. Construction of a 110-kV switchyard.
- Several substations. Change of six transformers.

WORKS CONTRACTS

In order to execute said works, ENDESA invites to manufacturers, suppliers, of goods originated in member countries of the Inter-American Development Bank (IDB), and Chilean and foreign construction companies of said countries, to participate in the prequalification process for submitting bids for the following contracts:

- SING - 11 supply of structures for SING's transmission lines.
- SING - 12 supply of materials for SING's lines (conductors, insulators and hardware).
- SING - 13 construction of SING's lines.
- SING - 21 construction of civil works of SING's substations.
- SING - 22 supply of main equipment, detailed design, erection and construction of civil works of SING's substations (it includes telecommunications, but excludes load dispatch facilities).
- SING - 23 supply of other 110-, 66- and 15.8-kV equipment for SING's substations (it includes one power transformer, disconnecting switches, 15-kV class switchgear).

The participants may be companies or consortia, and must show their technical and financial capacities to carry out the contract(s) they wish to participate in.

ENDESA will invite bids only from those companies and consortia achieving prequalification.

FINANCING

ENDESA has requested the Inter-American Development Bank a loan to partially finance the project. The balance will be financed by means of ENDESA's own resources and credits tied to supplies of equipment and materials.

SALE OF DOCUMENTS

Prequalification documents, written in Spanish only, can be bought since September 12th, 1984 onwards at ENDESA's headquarters located at Santa Rosa Street N° 70, Santiago, Chile, from 9 a.m. to 12 p.m. and from 2:30 p.m. to 4 p.m., Monday to Thursday, and 9 a.m. to 12 p.m. on Fridays.

In addition, the documents may be requested by mail from:
Jefe Departamento de Estudios para la Construcción
Casilla 1392
Santiago - Chile

Price for each set of prequalification documents is \$10,000 (Chilean currency) or U.S.\$100.

Registered air delivery of documents set will have an extra charge of \$1,000 or U.S.\$10.

Since September 14th onwards, interested persons may request, at the same address indicated above, a free minute covering general information on the project and prequalification requirements.

RECEPTION OF INFORMATION ON PARTICIPANTS

The information requested in the prequalification documents must be received by ENDESA not later than October 29th, 1984.

EMPRESA NACIONAL DE ELECTRICIDAD S.A.
P.O. BOX 1392, SANTIAGO - CHILE
TELEX: 40491 - ENDESA - CL

Westpac Banking Welcomes Moves On Foreign Banks

Readers

SYDNEY — Australia's largest listed bank, Westpac Banking Corp., welcomed the announcement by the country's treasurer, Paul Keating, of the criteria for foreign bank entry into Australia. Westpac's managing director, Bob White, said Tuesday.

It particularly welcomed Mr. Keating's intention to take account of conditions applying to Australian banks operating in other countries when considering applications, he said in a statement.

He said Westpac is keen to develop its presence in the western Pacific but is constrained by the reciprocal access policies of a number of countries.

Mr. Keating's decision to consider reciprocal access and greater than 50-percent foreign ownership of banks should enhance the opportunities for Australian banks in the region, Mr. White said.

He said that Westpac held the view that foreign bank entry is part of the overall process of deregulation of the Australian financial system, which the bank supports.

Foreign bankers here said they also welcomed the release of the broad criteria for foreign bank entry, although they said that many aspects of the proposals had already been announced by the government.

The greatest virtue of the plans announced by Mr. Keating is the degree of flexibility they contain, the foreign bankers said.

By not limiting the number of banking licenses the government plans to issue, it will receive a wide cross-section of applications, although the 10-week deadline will favor those who have been planning to apply for some time, they said.

NYSE High-Lows Sept. 11

NEW HIGHS	NEW LOWS
Alcoa	24 1/2
Amstar	24 1/2
Amstar	24 1/2
Amstar	24 1/2
Amstar	24 1/2
Amstar	24 1/2
Amstar	24 1/2
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12 Month High	Low	Stock	Div.	Yld. PE	52 Wk High	Low	Close	Chg
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
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22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
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22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4
22 1/2	22 1/4	IBM	3.75	6.2	22 1/2	22 1/4	22 1/4	-1/4

36%	174	VT Co	1.80	4.5	174	20	24
36%	174	Vollers	1.70	4.5	174	20	24
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36%	174	Vollers	1.70	4.5	174	20	24
36%	174	Vollers	1.70	4.5	174	20	24
36%	174	Vollers	1.70	4.5	174	20	

Tables include the nationwide price up to the closing on Wall Street

[illegible]

NASDAQ National Market Prices

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2
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TOKYO — Private-sector machinery orders, excluding a rise 16.3 percent in July to 61 billion yen (\$2.7 billion), seasonally adjusted, from 568.61 billion in June, Japan's Economic Planning Agency said Tuesday.

Unadjusted, July orders were 29.9 percent from a year ago after a year-to-year decline of percent from June, it said.

U.S. Futures Sept. 11

Grains

Season	Open	High	Low	Close	Chg.
Wheat	1.35	1.36	1.34	1.35	+0.01
Barley	1.15	1.16	1.14	1.15	+0.01
Oats	1.05	1.06	1.04	1.05	+0.01

Metals

Season	Open	High	Low	Close	Chg.
Copper	1.55	1.56	1.54	1.55	+0.01
Aluminum	1.25	1.26	1.24	1.25	+0.01
Zinc	1.15	1.16	1.14	1.15	+0.01

Oil

Season	Open	High	Low	Close	Chg.
Crude Oil	1.45	1.46	1.44	1.45	+0.01
Heating Oil	1.35	1.36	1.34	1.35	+0.01

Livestock

Season	Open	High	Low	Close	Chg.
Cattle	1.15	1.16	1.14	1.15	+0.01
Hogs	1.05	1.06	1.04	1.05	+0.01

Financial

Season	Open	High	Low	Close	Chg.
Gold	1.15	1.16	1.14	1.15	+0.01
Silver	1.05	1.06	1.04	1.05	+0.01

Commodity

Season	Open	High	Low	Close	Chg.
Wheat	1.35	1.36	1.34	1.35	+0.01
Barley	1.15	1.16	1.14	1.15	+0.01

Stocks

Season	Open	High	Low	Close	Chg.
Dow Jones	1.15	1.16	1.14	1.15	+0.01
S&P 500	1.05	1.06	1.04	1.05	+0.01

Market Guide

Season	Open	High	Low	Close	Chg.
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Barley	1.15	1.16	1.14	1.15	+0.01

Dividends

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Research Planned

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DM Futures Options

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Prime Rate Up in Singapore

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Thailand Consumer Index Up

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Wheat	1.35	1.36	1.34	1.35	+0.01
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Swiss Wholesale Prices

Season	Open	High	Low	Close	Chg.
Wheat	1.35	1.36	1.34	1.35	+0.01
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U.S. Futures Sept. 11

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Moscow Narodny Finance B.V.

Amsterdam / The Netherlands

U.S. \$ 50,000,000

Guaranteed Floating Rate Notes due 1991

redeemable at noteholder's option in 1989

irrevocably and unconditionally guaranteed by

Moscow Narodny Bank Limited

London

Deutsche Bank Aktiengesellschaft

Lloyds Bank International Limited

Amro International Limited

Arab Banking Corporation (ABC)

Bank of Tokyo International Limited

Banque Nationale de Paris

Bayerische Landesbank Girozentrale

Creditanstalt-Bankverein

Kuwait Investment Company (S.A.K.)

Mitsubishi Finance International Limited

Morgan Grenfell & Co. Limited

Nomura International Limited

Samuel Montagu & Co. Limited

Société Générale de Banque S.A.

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